

# CLINTON FINAL JURY

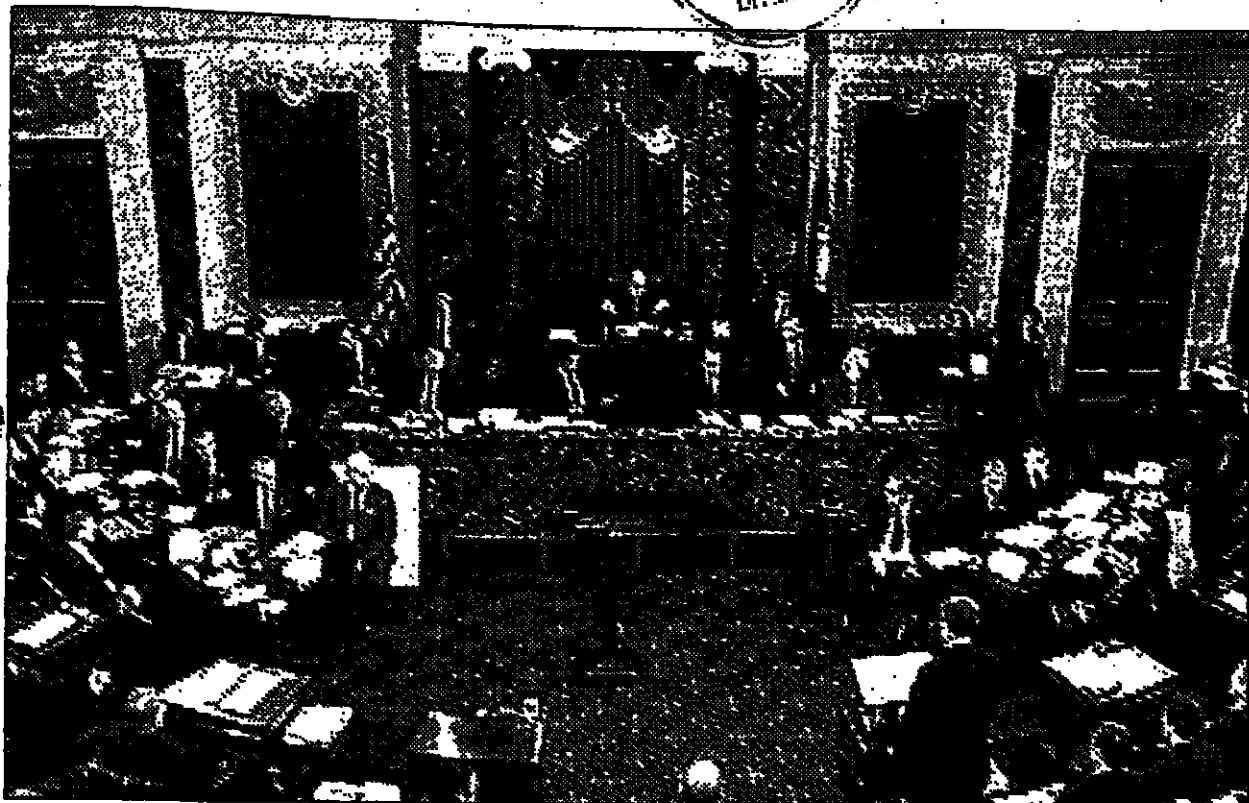
# Herald Tribune

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Chief Justice Rehnquist presiding over the impeachment trial of President Clinton in the Senate on Thursday.

## Republicans Open Case Against the President

### Democrats Assail Secret Meeting on Witnesses

By Brian Knowlton  
International Herald Tribune

WASHINGTON — Arguments in the second presidential impeachment trial in U.S. history were begun Thursday, with representatives of the three branches of government anxiously sharing the Senate floor in an extraordinarily solemn exercise as House prosecutors declared that President Bill Clinton was guilty of "egregious and criminal" conduct and should be removed from office.

"He has not owned up to the false testimony, the stone-walling and legal hairsplitting and obstructing the courts from finding the truth," one of the House prosecutors, Representative James Sensenbrenner of Wisconsin, told the attentive chamber.

"For these actions, he must be held accountable to the only constitutional means the country has available: the difficult and painful process of impeachment."

Mr. Clinton is charged with committing perjury and obstructing justice in trying to conceal his relationship with

Monica Lewinsky, a former White House intern.

Hours before the trial reopened — there was an opening session Jan. 8, then adjournment — there were signs that the recent bipartisan tone struck by senators might be coming undone and with it, perhaps, the hopes of many senators for a speedy proceeding.

Democrats expressed deep disappointment Thursday at news that three Republican senators had met in secret with the House prosecutors, all of whom are Republicans, to discuss the divisive question of calling witnesses. They also criticized an effort by House prosecutors to contact Ms. Lewinsky about testifying and their suggestion that Mr. Clinton should be called as a witness.

"That is in clear violation of the agreement that we had last week," said Tom Daschle, the leader of the minority Demo-

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Senate jury is stacked with friends and foes. Page 3.

## New Coalition Is Expected To Press Reforms in Japan

### Stronger Defense Links With U.S. Also Likely

By Kevin Sullivan  
Washington Post Service

TOKYO — Prime Minister Keizo Obuchi joined Thursday with an old political adversary to form a coalition government that is expected to move Japan more aggressively toward financial reforms and stronger defense ties with the United States.

The coalition between Mr. Obuchi's Liberal Democratic Party and the small Liberal Party, headed by a mercurial reformer, Ichiro Ozawa, was widely regarded as a move that will strengthen Mr. Obuchi's hand in dealing with Japan's worst recession in 50 years.

The coalition will give the prime minister a stronger majority in the powerful lower house of Parliament, helping him win passage of key financial reform legislation. It will also force the Liberal Democrats, whose appetite for real reforms is often questioned, to adopt some of Mr. Ozawa's more aggressive positions toward financial reform.

"Mr. Ozawa has a very strong character and convictions, so it is very likely that Mr. Obuchi will be pushed by Mr. Ozawa from now on," said Tomohisa Sakana, director of the Research Institute for Peace and Security in Tokyo. But some skeptics see the new co-

alition as little more than a politically expedient deal between two weak leaders that will result in little significant change in policies to correct Japan's deep economic problems. They note that the new coalition will not command a majority in the upper house of Parliament, which could still force delays and compromise with opposition parties.

Mr. Obuchi, despite a successful political trip to Europe during the last week, has extraordinarily low popularity ratings and presides over a weakened party that has lost its traditional monopoly on power. Mr. Ozawa, a former Liberal Democratic Party lawmaker whose defection helped topple the party in a 1993 revolt, has become a largely marginal player in Japanese politics in the last couple of years.

The coalition marks his return to prominence, although with just one Liberal Party member in Mr. Obuchi's 18-member cabinet, some in Japan question how much influence Mr. Ozawa will actually command.

The new coalition is also expected to help Mr. Obuchi win passage of legislation to expand military ties with the United States. That new relationship was announced with great fanfare by

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## EU Commission Survives, But Seems to Lose Power

By Barry James  
International Herald Tribune

STRASBOURG — The European Parliament failed Thursday in an attempt to oust the European Commission over allegations of graft and incompetence, but many of its members said the vote marked a significant shift of power toward the 626-seat elected assembly.

Less than half the assembly voted for the commission, the powerful executive body of the European Union that is responsible for proposing and enforcing European legislation. But the vote fell short of the two-thirds majority needed to oust all 20 commissioners.

The large size of the anti-commission vote — 232 for the ouster, 293 against, with 27 abstentions — could clip the wings of the executive, which is directly nominated by governments and has less than a year to serve, several members of Parliament said.

"The commission is a dead man walking," said Magda Alevi, leader of the Green party group, which has assailed what it says are nepotism, fraud and arrogance by the Brussels-based executive.

She said that although the commis-

sion's president, Jacques Santer, survived the vote, "he now heads a zombie commission."

"The Greens cannot see how this weakened commission can cope with the big challenges ahead," she said. But after digesting the results with the other commissioners, Mr. Santer said that he was "very satisfied with the way things went" and thought that the vote was a fine example of "democracy at work."

After he was loudly booed by some members earlier this week, he said the debate had cleared the air. European Union treaties do not allow Parliament to cast a confidence vote for or against individual commissioners, which meant that the assembly had to

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## AGENDA

The Dollar			
New York	Thursday @ 4 P.M.	previous close	
Euro	1.1697	1.1672	
Pound	1.6557	1.6482	
Yen	113.625	113.13	
DM	1.6716	1.6759	
FF	5.6082	5.6206	

The Dow			
	Thursday close	percent change	
Dow Jones	9,120.93	-2.45%	
S&P 500	1,212.19	-1.80%	
Nasdaq	2,276.89	-1.72%	

## U.S. Warns Iraq On 'No-Fly' Zones

WASHINGTON (AP) — The United States is prepared to use whatever military force is needed to enforce the no-fly zones in northern and southern Iraq, the State Department said Thursday.

"We are determined to use the military force we have available to enforce the no-fly zones," said the department spokesman, James Rubin. There has been speculation that the United States is preparing a fresh round of air strikes on Iraq to take out its air defense systems.

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## Turkey to Deploy Patriot Missiles

ANKARA (AP) — Turkey will deploy U.S.-made Patriot anti-aircraft missile batteries on its soil, the Foreign Ministry said Thursday, citing increasing confrontations between Iraq and an aerial force led by the Americans and based in southern Turkey to enforce a no-fly zone over northern Iraq.

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The IHT on-line www.ihtr.com

## Currency Fallout Sinks Brazil Stocks

Compiled by Our Staff From Dispatches

SAO PAULO — Brazil's stock market plunged Thursday, pulling down markets across Latin America and in the United States, as fears grew that the country's currency would further depreciate after its effective 8 percent devaluation on Wednesday.

The Bovespa index closed 9.97 percent lower, after a loss of 5.05 percent on Wednesday. The renewed weakness put pressure on the Argentine market, where the benchmark Merval index finished down 4.64 percent, and was felt on Wall Street, where the Dow Jones industrial average erased its gains for the year. (Page 12).

"The real danger is that Brazil is just the first shoe to drop," said Peter Coolidge, a senior equity trader at Brean Murray & Co., fearing for the rest of Latin America.

Brazil's currency, the real, actually

strengthened a bit, but the feeling in the stock market was that the currency would soon resume its decline.

"There could be a deeper devaluation, and investors are trying to cut their Brazil risk before then," said Paulo de Sa, a fund manager at Lloyds Asset Management in Sao Paulo. "The game has begun, now we have to see who wins."

The dollar fell to 1,318.9 cents from 1,320.0 late Wednesday, in part because of aggressive intervention by Brazil's central bank to try to stabilize the currency.

In Europe, officials were trying to minimize the crisis on Thursday. Hans Tietmeyer, the head of the Bundesbank, told a banking forum, "I think the internal situation is better than some believe."

Finance Minister Dominique Strauss-Kahn of France said that economic problems that led to the effective

devaluation of the Brazilian real on Wednesday were not comparable to the crises that swept through Asia and Russia last year.

"The situation in Brazil is not good," he said. "However, I do not think that we are facing something similar to that which we saw either in Asia or in Russia last August."

But other members of the Group of Seven industrialized countries stressed that it was vital for Brazil to push forward with the reforms despite political opposition at home.

Italy's Treasury minister, Carlo Azeglio Ciampi, described the Brazilian situation as a "crisis," although he said it would be overcome as the "crisis in Asia and the crisis in Russia" had been overcome.

Brazil's central bank chief resigned

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Currency dealers in Tokyo taking a break to rest their eyes on Thursday during a hectic day of trading.

## Many Saw Brazil's Crisis Coming

By Michael M. Weinstein  
New York Times Service

NEW YORK — Brazil's unexpected devaluation was anything but surprising. Devaluation has been the prediction of many economists even after the In-

ternational Monetary Fund, backed by the Clinton administration, provided a \$40 billion credit line several months ago that Brazil was to use to defend the value of its currency as well as help it plug a huge hole in its federal deficit.

The problem with the IMF bailout,

independent economists argued repeatedly, was that it allowed Brazil to cling to an overvalued exchange rate — by some estimates, 30 percent above sustainable levels. At the same time, its policy became increasingly dependent on short-term loans.

That combination — overvalued currency and huge short-term loans — said Jeffrey Sachs of the Harvard Institute for International Development, "is anywhere and everywhere an invitation for financial chaos."

But now that Brazil has devalued, what happens next? One possibility is that limited devaluation works. Investors may decide that the currency will remain stable hereafter and that Brazil will stick close to its commitments to close its budget deficit. If that happens, domestic interest rates could fall and Brazil could begin to recover.

More likely, limited devaluation will need to be backed by stiff interest rate increases to persuade lenders to stay put. The new president of the central bank seemed to anticipate that possibility Wednesday when he pledged to use Brazil's billions of dollars in reserves to intervene in the markets. He also suggested he might "raise interest rates to defend our foreign exchange regime."

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## Ecology: Cambodia's Next Man-Made Disaster

By Michael Richardson  
International Herald Tribune

PHNOM PENH — The floating casino moored at the edge of this city, where the Mekong and Tonle Sap rivers meet, symbolizes the readiness of those who wield power and influence in Cambodia to gamble with its fragile environment and economic future, development specialists say.

More than ever before, the Tonle Sap river, which links Cambodia's great central lake to the Mekong, is stained with silt, the result of rampant overcutting of forests that causes rapid rainwater run-off and soil erosion.

Fishermen, whose small wooden craft bob on the water around the casino, complain of a decline in catches caused by excessive fishing in the lake and extensive logging of forests that surround it.

Those forests are flooded each year in the rainy

season from June to October, when the Tonle Sap lake expands to about 16,000 square kilometers (6,177 square miles), more than six times its dry-season size. They are the main breeding grounds for the lake's once-abundant fish. Now, many of the breeding grounds are destroyed, endangering the future of one of the world's most productive freshwater fisheries, scientists say.

According to these experts, foreign-aid officials and Cambodian critics of the government of Prime Minister Hun Sen, Cambodia faces an environmental crisis that could prove as dangerous as the recently ended threat from the Khmer Rouge, whose tyrannical regime caused death and destruction on a huge scale.

These sources say that years of fighting, and struggles for political power in Phnom Penh and the provinces, have created a climate of lawlessness in which those who control the guns — chiefly senior

officials, military officers and business leaders — have gained a hold on two of the country's most valuable natural resources: its forests and fisheries.

Both are being depleted at dangerous rates, according to technical studies carried out or sponsored by the World Bank and the Asian Development Bank.

The most recent report on Cambodia's economic performance and prospects, prepared by the Asian Development Bank for a meeting of international aid donors to Cambodia in Japan next month, warns that "uncontrolled logging, much of it illegal, threatens Cambodia's forests" and that if it continued at current rates, "logging could deforest the country in five years."

The bank said that more than 4 million cubic meters (141 million cubic feet) of commercial timber

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Newsstand Prices	
Andorra	10.00 FF Lebanon
Antilles	12.50 FF Morocco
Armenia	1.000 CFA Qatar
Cameroon	10.00 CFA
Egypt	10.00 FF Saudi Arabia
Gabon	1.000 CFA Senegal
Italy	1.000 CFA Spain
Ivory Coast	1.250 CFA Tunisia
Jordan	1.250 JD U.A.E.
Kuwait	700 Fils U.S. Mtl. (Eur)





## Stagnant and Scared / Liberia's Troubled Transition

## After Civil War, a Sometimes Uncivil Peace Reigns

By James Rupert  
Washington Post Service

MONROVIA, Liberia — Kimmie Weeks is a smiling, gangly, 17-year-old overachiever. A high school journalist and student council president, he won a trip to New York and a handshake from Vice President Al Gore last year as a Unicef child ambassador.

These days, Kimmie is hiding from Liberian security agents, condemned by government officials as a dangerous subversive. His crime was that he checked out a rumor last month that the army was training child soldiers.

At an army camp outside Monrovia, he said, he found troops drilling large numbers of children who carried sticks in place of guns. As Kimmie tried to speak to the children, army officers evicted him.

He wrote a report that asked the government to investigate. Monrovia newspapers published his account the next day, and government ministers called a news conference to vilify Kimmie. After some hours' delay, they allowed journalists to visit the camp, where no children were to be found.

Since then, soldiers have sought to arrest Kimmie and riot police have occupied his school. The labor minister, who is on the school's board of directors, ordered the principal to oust Kimmie as student council president and went on radio last week to accuse the teenager of rattle-rousing.

In a Liberia two years past its civil war, Kimmie's story is not farce, but rather evidence that the government of President Charles Taylor remains fearful and defensive, often treating criticism as a threat. Liberians and foreign observers say that after 17 months in office, Taylor's government focuses on armed security rather than on rebuilding a shattered economy and society.

And Mr. Taylor, who started the 1989-97 conflict in Liberia by revolting against the corrupt rule of then-President Samuel Doe, vacillates between presenting himself as a democratic political leader and operating much as the militia commandant he was during the war.

"People feel as though we are still in a war zone," said Philip Wesch, director of the Inquirer, an independent daily newspaper. Mr. Taylor's militia men, who helped wreck Monrovia in a spasm of combat and looting three years ago, still carry guns, but now they wear uniforms of various military and security agencies. Their behavior is little improved, residents say, and newspapers carry articles every week of police or soldiers robbing or beating civilians.

The same kind of brutality that characterized the war briefly gripped Monrovia in September, when Mr. Taylor's forces attacked a camp of his ethnic Krahin rival, Roosevelt Johnson. Mr. Taylor said a "surgical strike," leaving 52 dead, aborted a coup plot by Mr. Johnson.

But Liberian journalists and human rights advocates say hundreds died. They have circulated photos that show "bodies stacked like cordwood," some slain execution-style, with their hands bound, said one of several sources who described the photos. Hundreds of ethnic Krahins have fled abroad. The government is holding a treason trial for Mr. Johnson and about 30 others, most of whom are absent, though.

Only a thin trickle of government spending or private investment brings hints of revival to

Monrovia's moldering, weedy ruin. The government restored some electricity and water and formed teams of youths to clean up roadsides, but "efforts to rebuild infrastructure are far below expectations," said Tiawan Gonggole, a human rights attorney.

In recent weeks, the police have enforced Mr. Taylor's orders that people camping in the ruins of public buildings or in shantytowns be forced out, to go rebuild their war-shattered villages.

"People don't have money to build in the villages," and the government is offering no help, said James Rogers, a Monrovia resident, as he surveyed the concrete rubble and splintered wood left by one police raid.

The breakup of shanties has destroyed informal markets where many people struggle to survive on petty trade.

"The economy is stagnant and no jobs are being created," largely because few Liberians or foreigners will invest amid the fear and public insecurity, Mr. Gonggole said.

"I used to incorporate new businesses every week, but I haven't done one in six months," he said.

FOREIGN diplomats and other observers say that Liberia's uneasy stagnation is rooted partly in contradictory tendencies within Mr. Taylor. He seeks to establish himself for history as a great Liberian leader, "but his first priority is security and his second is making money" in business deals, taking advantage of his political power, a foreign diplomat here said.

Nevertheless, as Liberians try to restore a

society ruled by law rather than guns, Mr. Taylor's government "shows positive signs," Mr. Gonggole said.

Mr. Taylor periodically consults political and civic leaders outside his party, although some democracy activists say this is more show than substance. Initially, authorities responded to critical news articles "by summoning journalists to the police" for harassment or arrest, but "now the government is issuing rebuttals, which keeps the debate alive," Mr. Gonggole said.

Mr. Taylor backs up his political will with a plethora of police, military and intelligence agencies dominated by his former militiamen. The agencies are headed by his longtime security aides, who often compete to demonstrate loyalty and aggressiveness in quashing opposition to their boss, said an official of the Roman Catholic Church's Justice and Peace Commission.

At checkpoints on major roads, men in black, blue or camouflage uniforms carry automatic rifles on behalf of agencies known mainly by initials such as the SSS, SSU and SOD. The men have had little training since their guerrilla days. A man drawing basic pay gets the equivalent of \$5 a month, "so obviously he's looking to pay himself from the people," Mr. Gonggole said.

Mr. Taylor's son, Charles Taylor Jr., who is in his twenties and uses the nickname "Chuckie," heads a secret military unit of perhaps 600 fighters, Liberian and foreign sources said. The unit, named SWAP, includes men from Gambia, Guinea and Burkina Faso, sources said.

The president has been embarrassed by the mistakes of other security units that have caused public scandals, said a man close to President Taylor's security apparatus. In 1997, the Special Security Service arrested a rival of his, Sam Dokie, and several of his relatives.



President Taylor backs up his political will with a variety of security agencies.

Their mutilated bodies were found a few days later.

Asked about SWAP in an interview, Defense Minister Daniel Chea and other top defense officials froze for a moment, then simultaneously gave contradictory answers as to SWAP's existence.

"No. No. There is no SWAP," insisted one of Mr. Chea's aides.

"Ah, well, that is an anti-terrorist unit," Mr. Chea said.

Mr. Chea denied that Mr. Taylor's son leads the force, saying he is "only a member." The unit has no commander, Mr. Chea said, because it takes orders directly from the president.

## Delta Airlines to Customers: Get on the Web or Pay More

By Frank Swoboda  
and Judith Evans  
Washington Post Service

WASHINGTON — Delta Air Lines is trying to force its customers into the Internet age. This week it became the first airline to charge an extra fee for all tickets not purchased through its Web site.

For consumers who book Delta flights through a travel agent, call the airline's toll-free number or walk into a ticket office, the Atlanta-based carrier will charge an extra \$2 for every domestic round-trip ticket it sells.

Delta, the third-largest U.S. airline, notified travel agents Monday that starting immediately it was implementing the fees for each domestic flight not purchased over its Web site to try to offset the rising costs of the computerized reservations systems that the industry uses to book the majority of flights.

What about consumers who do not have a computer or are not hooked up to the Internet? "Go to the library and use their computers," one airline official, who did not want to be identified, suggested Wednesday.

Only about 2 percent of Delta's 105

million passengers last year booked their flights directly on the Delta Web site, the airline said.

The company would not say how much revenue the fee might generate.

It was not immediately clear whether other airlines would follow Delta's lead. Travel agents criticized the new fee, saying that, although it would have little effect on their revenue, it represented one more attempt by the airlines to steer consumers directly to the carriers when making travel reservations.

Travel agents who book tickets on Delta's Web site do not receive commissions from the airline.

Although it has notified travel agents about the surcharge, Delta did not immediately announce the new fees.

"We don't normally announce surcharges to the public," an airline representative said.

Delta explained in a memo to travel agents that the revenue was needed to help offset rising distribution costs, including computer reservation system booking fees, credit-card expenses, travel-agent commissions and "other costs associated with the distribution of tickets to Delta customers."

## TRAVEL UPDATE

## Paris Flights Disrupted

PARIS (AFP) — Flights were disrupted Thursday at Paris's two airports due to a strike by Air France maintenance employees opposed to a new agreement on pay and work conditions.

Some of the protesters occupied a section of one of the runways at the Roissy-Charles de Gaulle Airport, preventing flights from taking off but allowing them to land. Their action led to all flights at the airport being delayed for 30 minutes to one hour, Air France officials said.

At Orly Airport, Air France flights were heavily affected by the walkout with 16 flights canceled and similar delays as those registered at Roissy.

## Snow Slows Toronto

TORONTO (Reuters) — Nearly 400 Canadian troops are expected to arrive in Toronto on Thursday to help the city's largest city cope with its fifth snowstorm this year as officials urged residents to stay home.

More than 25 centimeters (10 inches) of snow is expected to fall on southern Ontario on Thursday, combined with bitterly cold northern winds that will send temperatures below minus-40 degrees centigrade (minus-40 degrees Fahrenheit), meteorologists said.

Tourists heading to Russia will soon be required to take out medical insurance before receiving a visa, the Health Ministry in Russia said Thursday. The measure will be applied to visits of less than six months. (AFP)

## Corrections

Because of an editing error, an article Thursday on the trial of Anwar Ibrahim incorrectly cited local media in Malaysia as the source of a comment from Prime Minister Mahatir bin Mohamad. He was quoted in Japan's Mainichi newspaper.

An article Jan. 8 incorrectly reported the home state of U.S. Senator Strom Thurmond. He is from South Carolina.

## William H. Whyte, Social Critic, Dies

By Michael T. Kaufman  
New York Times Service

NEW YORK — William H. Whyte, 81, the author who defined corporate conformity and warned against its growth in the classic book "The Organization Man," died Tuesday in New York.

Mr. Whyte, who was an editor of Fortune magazine when he wrote his best-selling 1956 work, went on to a distinguished second career as a scholar of the human habitat, specifically as a close observer of street life and urban space.

As an urbanologist he wrote, taught, planned and once spent 16 years watching and filming what people do on the streets of New York.

He also conducted a study showing that a large percentage of companies that moved from New York City ended up in locations less than 8 miles (13 kilometers) from the homes of their chief executives.

But it was "The Organization Man" that first brought him wide public attention. It was one of several works of literature and provocative social analysis to appear in the 1950s.

Mr. Whyte's book challenged and refuted claims of entrepreneurial vigor and daring in business by describing an ongoing bureaucratization of white-collar environments: boardrooms, offices, laboratories.

Mr. Whyte wrote that corporate norms based on the pursuit of safety and security and characterized by conformity had spread to academic and scientific

institutions and prevailed in the white-collar suburbs then proliferating across America.

In his view, the bold visions of individualists had been replaced by "the modest aspirations of organization men who lower their sights to achieve a good job with adequate pay and proper pension and a nice house in a pleasant community populated with people as nearly like themselves as possible."

Thirty years after "The Organization Man" appeared, Mr. Whyte recalled how some of the people he had called organization men were angered by the designation.

"They said I was calling them dirty conformists," he said in 1986, "but I wasn't. I was an organizational man myself." He was referring to his work for Vicks and Fortune magazine and in the Marine Corps. "And I meant no slight."

Despite changes brought about by the countercultural 1960s, he concluded that "the organizational man is still very much alive."

ROBIN HOOD'S BAY, England — Marcel Zillesen, 81, one of the World War II daredevils whose exploits inspired the 1963 movie "The Great Escape," has died in the Yorkshire village where he lived.

Mr. Zillesen was a key figure in the real-life plot that led to the escape of 76 Allied prisoners of war from Stalag Luft III in 1944. It was one of the largest mass breakouts by Allied prisoners, but 73

escapees were recaptured and 50 summarily executed.

Captured in 1943 in North Africa, Mr. Zillesen, who had studied in Berlin, impressed his German guards by his command of "elegant high-society Berlin" speech. That became an important element in the escape plot.

Mr. Zillesen agreed to write stylish love letters for Germans to mail to their girlfriends. He diverted some of the paper and ink supplied by his customers to forge documents for escaped prisoners. He was one of the last prisoners out of the 90-meter tunnel and was arrested by guards.

CARL ELLIOTT, 85, Ex-Congressman Who Fought for 'Great Society'

NEW YORK — Former Representative Carl Elliott, 85, a Democrat from rural Alabama who sacrificed his political career to the principles of social justice, died Saturday in Jasper, Alabama.

Having grown up poor, Mr. Elliott took pride in serving as a prime mover of the National Defense Education Act of 1958, which supported millions of poor college students, and the Library Assistance Act, which helped libraries in the poorest regions of the United States. He also pushed for enactment of other "Great Society" programs, such as Medicare.

But as the forces of segregation and states' rights, spearheaded by Governor George Wallace, came to dominate Alabama politics, they drove him from office in 1964 after eight House terms.

## WEATHER

Forecast for Saturday through Monday, as provided by AccuWeather.

## Europe

City	Today	Low	High	Tomorrow	Low	High
Algeria	14/18	14	18	15/19	15	19
Amsterdam	7/14	7	14	8/15	8	15
Antwerp	10/15	10	15	11/16	11	16
Athens	12/18	12	18	13/19	13	19
Berlin	9/14	9	14	10/15	10	15
Bombay	24/32	24	32	25/33	25	33
Buenos Aires	18/24	18	24	19/25	19	25
Calcutta	26/34	26	34	27/35	27	35
Cheng Mai	20/28	20	28	21/29	21	29
Colon	26/34	26	34	27/35	27	35
Hong Kong	24/32	24	32	25/33	25	33
London	10/15	10	15	11/16	11	16
Los Angeles	18/24	18	24	19/25	19	25
Manila	26/34	26	34	27/35	27	35
Medan	24/32	24	32	25/33	25	33
Perth	18/24	18	24	19/25	19	25
Port of Spain	26/34	26	34	27/35	27	35
Rangoon	24/32	24	32	25/33	25	33
San Francisco	14/20	14	20	15/21	15	21
Singapore	26/34	26	34	27/35	27	35
Sourabaya	24/32	24	32	25/33	25	33
Taipei	20/28	20	28	21/29	21	29
Tokyo	14/20	14	20	15/21	15	21
Yokohama	14/20	14	20	15/21	15	21

## North America

City	Today	Low	High	Tomorrow	Low	High
Anchorage	6/12	6	12	7/13	7	13
Atlanta	18/24	18	24	19/25	19	25
Boston	10/16	10	16	11/17	11	17
Chicago	10/16	10	16	11/17	11	17
Dallas	18/24	18	24	19/25	19	25
Denver	10/16	10	16	11/17	11	17
Houston	18/24	18	24	19/25	19	25
Los Angeles	18/24	18	24	19/25	19	25
Manila	26/34	26	34	27/35	27	35
Medan	24/32	24	32	25/33	25	33
Perth	18/24	18	24	19/25	19	25
Port of Spain	26/34	26	34	27/35	27	35
Rangoon	24/32	24	32	25/33	25	33
San Francisco	14/20	14	20	15/21	15	21
Singapore	26/34	26	34	27/35	27	35
Sourabaya	24/32	24	32	25/33	25	33
Taipei	20/28	20	28	21/29	21	29
Tokyo	14/20	14	20	15/21	15	21
Yokohama	14/20	14	20	15/21	15	21

## Asia

City	Today	Low	High	Tomorrow	Low	High
Algeria	14/18	14	18	15/19	15	19
Amsterdam	7/14	7	14	8/15	8	15
Antwerp	10/15	10	15	11/16	11	16
Athens	12/18	12	18	13/19	13	19
Berlin	9/14	9	14	10/15	10	15
Bombay	24/32	24	32	25/33	25	33
Buenos Aires	18/24	18	24	19/25	19	25
Calcutta	26/34	26	34	27/35	27	35
Cheng Mai	20/28	20	28	21/29	21	29
Colon	26/34	26	34	27/35	27	35
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Medan	24/32	24	32	25/33	25	33
Perth	18/24	18	24	19/25	19	25
Port of Spain	26/34	26	34	27/35	27	35
Rangoon	24/32	24	32	25/33	25	33
San Francisco	14/20	14	20	15/21	15	21
Singapore	26/34	26	34	27/35	27	35
Sourabaya	24/32	24	32	25/33	25	33
Taipei	20/28	20	28	21/29	21	29
Tokyo	14/20	14	20	15/21	15	21
Yokohama	14/20	14	20	15/21	15	21

## Africa

City	Today	Low	High	Tomorrow	Low	High
Algeria	14/18	14	18	15/19	15	19
Amsterdam	7/14	7	14	8/15	8	15
Antwerp	10/15	10	15	11/16	11	16
Athens	12/18	12	18	13/19	13	19
Berlin	9/14	9	14	10/15	10	15
Bombay	24/32	24	32	25/33	25	33
Buenos Aires	18/24	18	24	19/25	19	25
Calcutta	26/34	26	34	27/35	27	35
Cheng Mai	20/28	20	28	21/29	21	29
Colon	26/34	26	34	27/35	27	35
Hong Kong	24/32	24	32	25/33	25	33
London	10/15	10	15	11/16	11	16
Los Angeles	18/24	18	24	19/25	19	25
Manila	26/34	26	34	27/35	27	35
Medan	24/32	24	32	25/33	25	33
Perth	18/24	18	24	19/25	19	25
Port of Spain	26/34	26	34	27/35	27	35
Rangoon	24/32	24	32	25/33	25	33
San Francisco	14/20	14	20	15/21	15	21
Singapore	26/34	26	34	27/35	27	35
Sourabaya	24/32	24	32	25/33	25	33
Taipei	20/28	20	28	21/29	21	29
Tokyo	14/20	14	20	15/21	15	21
Yokohama	14/20	14	20	15/21	15	21

## Latin America



THE AMERICAS

# Clinton's Jury Is Stacked With Friends and Foes

## Unlike Most Trials, the Defendant Has Close Ties to Many of Those Judging Him

By Frank Bruni  
New York Times Service

WASHINGTON — One of the 100 men and women who will decide President Bill Clinton's fate is related to him by marriage, a grandmother of the same 3-year-old boy who calls Mr. Clinton uncle.

Two others campaigned fiercely against him in the Democratic primary for the 1992 presidential race. Another is the older brother of one of the 13 Republican congressmen appointed to prosecute him.

Three already weighed in on the merits of the case when they voted on articles of impeachment in the House of Representatives last month.

And many are popping up on television freely and frequently to discuss their evolving — or, in some cases, fixed — opinions on where all of this should lead.

No one is pretending that the Senate trial of Mr. Clinton is a clear mirror of

what happens in a criminal or civil courtroom, nor is it meant to be. But the multifarious connections between the accused, some of his accusers and other parties show precisely how unusual this particular proceeding is.

"It's a little unique," conceded Senator Tim Hutchinson, Republican of Arkansas, whose brother, Asa, is on the prosecution team. The Hutchinsons share an apartment in Pentagon City, Virginia, where the senator often sees the congressman poring over trial-related documents in the second bedroom late at night.

Senator Hutchinson said in an interview this week that the brothers avoid discussions of evidence and that he is no less fit than any of the other jurors to hear and evaluate it.

"Once you start down that path," he said, referring to the raising of questions about jurors' impartiality, "there are so many unusual conflicts of interest in the Senate that you wouldn't end up with many in the jury pool."

You might have to disqualify the judge as well. Chief Justice William Rehnquist, who swore in the senators as jurors last week and will preside over the trial, played poker weekly with Robert Bennett, one of the president's lawyers, until about two years ago, when Mr. Bennett stopped attending the game.

In addition, Mr. Rehnquist participated in critical decisions that helped bring the accusations against Mr. Clinton to light. He and his fellow justices handed down rulings that permitted lawsuits based on sexual harassment claims, allowed Paula Corbin Jones to pursue her civil lawsuit against the president while he was still in office and validated the authority of independent counsels.

"The Senate is the virtual antithesis of what you would expect in a traditional jury trial," said Jonathan Turley, a professor of constitutional law at George Washington University. "This is a virtual rogues' gallery of conflicts."

But he and other experts said that this

was almost precisely what the framers of the constitution envisioned.

After all, they said, the stakes in a Senate trial are not criminal but professional and political, so a lesser degree of objectivity was considered acceptable.

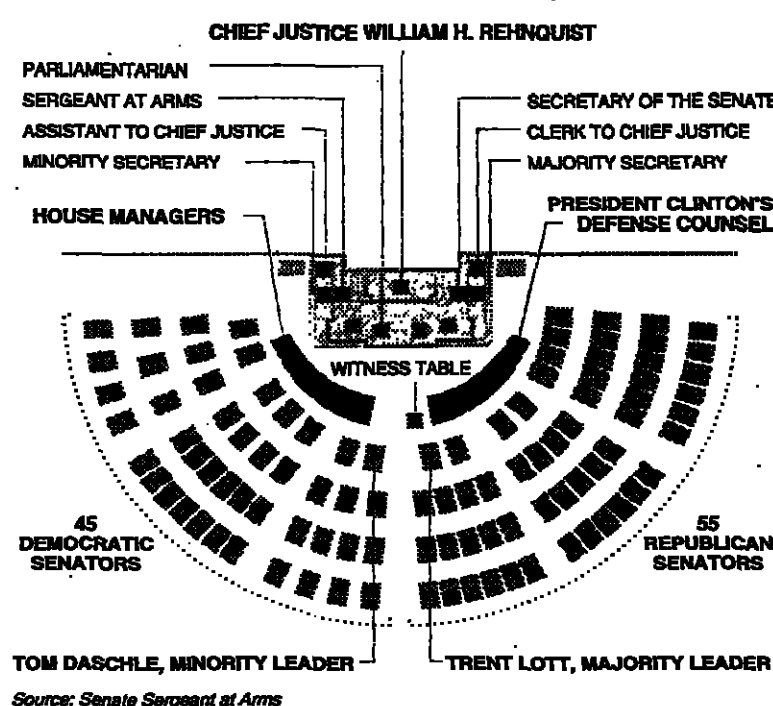
Moreover, senators were expected to approach their jury service in part as legislators, taking into account what was best for the country and what their constituents desired.

Senators in past impeachment trials have seldom recused themselves because of personal connections to a case. One senator who served as a juror in the trial of President Andrew Johnson a century ago was his son-in-law, David Patterson, Democrat of Tennessee. Mr. Patterson voted against Mr. Johnson's conviction.

Michael Gerhardt, a law professor at the College of William and Mary, said that the constitution allowed senators to use their discretion in making decisions about whether they could fairly decide a case.

### Seating Plan for the Senate Trial

The Senate chamber will have special seating arrangements for the impeachment trial of President Clinton. Some of the principal figures:



# Breast Surgery Offers Hope, at a Cost

By Denise Grady  
New York Times Service

NEW YORK — For women with a high risk of breast cancer, a study published Thursday offers hope, but at a cruel price: Removing both breasts while they are still healthy reduces the risk of breast cancer by 90 percent.

The new findings, from a study of 639 women who had their breasts removed from 1960 to 1993, are widely regarded as the most reliable information to date on the long-term effectiveness of the operation.

Surgeons had been performing the procedure, known as bilateral prophylactic mastectomy, on such women

since the 1960s, assuming it would reduce cancer risk. But they did not know whether it really did, or by how much, as there is no guarantee that such a procedure will remove all the problem tissue.

One way that high-risk women can try to protect themselves is by having regular mammograms and breast examinations in hope of detecting the disease early enough to cure it with surgery, chemotherapy and radiation.

The only other way such women can protect themselves against breast cancer is by taking the drug tamoxifen, which in a large study last year was shown to reduce the risk of the disease by about 45 percent. But women are

supposed to take the drug for only five years because it is thought to be ineffective after that time. In addition, tamoxifen may cause blood clots or uterine cancer in some women, and although it reduces the risk of breast cancer, studies have not shown that it lowers the death rate from the disease, as mastectomy does.

The new study of the surgery, by researchers at the Mayo Clinic in Rochester, Minnesota, was published Thursday in the New England Journal of Medicine. The women in the study were considered at high risk because of a strong family history of breast cancer or a personal history of breast lumps needing biopsies.

# REAL: Brazil Stocks Slide

Continued from Page 1

on Wednesday, and his replacement widened the band in which the real was allowed to fluctuate against the dollar, amounting to a de facto devaluation of about 8 percent.

Finance ministers of the G-7 — Britain, Canada, France, Germany, Italy, Japan and the United States — have been in close contact since then. Although they have not so far issued any joint statement on the Brazilian situation, their individual comments suggested they were in agreement on the attitude to take.

The Brazilian authorities "know that they have the support of international organizations which were at their side in October," said Mr. Ciampi, who is also chairman of the IMF's policy-making interim committee.

Robert Rubin, the U.S. Treasury secretary, stressed late Wednesday that it was important for Brazil to continue with "the implementation of a strong, credible economic program," a view that was repeated Thursday by Mr. Strauss-Kahn.

Analysts have repeatedly expressed fears that an economic upheaval in Brazil would cause a Latin American meltdown that would then spark a new round of turbulence in Asia and spill over into the U.S. and European economies.

This was the reasoning behind the IMF's decision to put together a \$41.5 billion international support package for Brazil's economy in November on condition of stringent economic reforms.

The Organization for Economic Co-operation and Development warned in December that a "sharp depreciation" of the Brazilian currency could affect other economies in the region and in Asia.

It also warned that if several negative events such as a Brazilian problem, a further downturn in Japan, a plunge on stock markets in industrial countries or sharp fluctuations in foreign exchange markets happened in close sequence it could have a serious effect on the global economy.

Martine Durand, OECD senior economist, said Thursday that "the probability of the downside scenario has increased" with the latest events in Brazil, but "we should not panic."

About \$346 million of capital left Brazil on Thursday, less than the \$1.2 billion that reportedly was transferred abroad on Wednesday, but sufficient to cause concern.

"This is really worrying," said Rafael Pagano, a money-market trader at Banco Real. "The central bank will do everything it can to fight off another devaluation, but it looks like they won't be able to."

More than \$2.5 billion has left Brazil in the past three days. Felipe Garcia Ascencio, an analyst at Independent Economic Analysis (Holdings) Ltd., said few foreign investors have held real since the summer, so the money now leaving the country belonged to Brazilians.

He estimated that Brazil had about \$43 billion in foreign-currency reserves and said the country would "be better off floating the real very soon" than if it tried to defend the currency.

The country could call upon about \$30 billion of additional aid pledged by the International Monetary Fund and other foreign lenders.

Mr. Ascencio said, however, that "it is not wise to float when reserves have been depleted," and that Brazil, the International Monetary Fund and the U.S. Treasury "are all aware of this."

(Reuters, Bloomberg, AFP)



People gathering at the Capitol on Thursday, hoping to watch the trial.

# IMPACT: Brazil's Next Steps Out of Crisis to Set Tone for Markets

Continued from Page 1

If that happens, the economy could go into a tailspin. The immediate victims would, of course, be Brazilian workers and their families. But nearby trading partners, especially Argentina, would be hit hard as they lose Brazil's large export market.

The problem with an overvalued currency is that it makes imports cheap and exports dear, leading to a drain on the country's dollar reserves. At some point lenders grow fearful that the country will run out of dollars. They cash in their loans before someone else lays claim to the dwindling dollars, forcing the country to squander the rest of its reserves defending its exchange rate.

Countries can postpone the inevitable by jacking up interest rates to sky-high levels — over 30 percent in Brazil's case — to attract new loans. But high interest rates throw the economy into recession, sapping political support. Eventually, the country chooses to stop defending the currency, which, after the dust settles on foreign-exchange markets, can allow it to cut its interest rates.

An overvalued currency and large short-term debt buried the Mexican economy in 1995, and the currencies of Thailand, Indonesia, South Korea and Russia last year. Now comes Brazil.

"Misaligned currencies cannot be not wise to float when reserves have been depleted," and that Brazil, the International Monetary Fund and the U.S. Treasury "are all aware of this."

(Reuters, Bloomberg, AFP)

He said the same thing in October. The devaluation was predictable, Mr. Sachs said Wednesday, echoing statements he made in October. "Falsely pegged currencies — currency pegs that lack political and economic commitment — cannot last," Gary Hufbauer of the Institute for International Economics said Wednesday. He made the same prediction last year.

So if economists could see disaster coming, why couldn't Brazil? In part, its obstinacy can be traced to President Fernando Henrique Cardoso, who as finance minister had gained credit by stamping out Brazil's hyperinflation by tying its currency rigidly to the dollar.

But his monetary crackdown produced a sharp recession, which Mr. Cardoso has no stomach for repeating. For him, severing his currency's tie to the dollar invites a return to an undisciplined past. Mr. Sachs suggested that the pegged rate was a terrific way to handle a financial emergency, but Mr. Cardoso stuck with the rigid policy way too long.

Buttreasing Mr. Cardoso's recent resolve was pressure from the international financial community to take a hard stand against devaluation. The wave of devaluations that started in Asia last year spread quickly to Russia and threatened Latin America.

But the IMF-backed package was never credible, economists say. Had it been fully adopted, it would have crushed the economy. For that reason it was never embraced by Brazil's politicians. The Parliament rejected some of

# CLINTON: Prosecution Opens Its Case

Continued from Page 1

crats in the Senate. "And I hope it's not a harbinger of the politicized process that we have all said that we oppose."

Amid tight security, the impeachment trial reopened at 1:05 P.M. with the chief justice of the United States, William Rehnquist, taking his seat atop the dais and calling the hushed chamber to order.

The atmosphere was one of strained dignity. Senators appeared deeply aware of the gravity of the moment, conscious of the calls for extraordinary decorum, keenly aware that not only Mr. Clinton, but that they, too, would be judged on the conduct of the trial.

"The Senate will convene as a court of impeachment," said the black-robed Justice Rehnquist. "The chaplain will offer a prayer."

After the prayer, the Senate sergeant-at-arms, James Ziglar, called out: "Hear ye, hear ye, year ye. All persons are commanded to keep quiet, on pain of imprisonment."

And so opened an American drama that no living persons had seen before.

Justice Rehnquist introduced Representative Henry Hyde of Illinois, who is heading the House prosecutorial team. Mr. Hyde told the senators that their decision in the case would "affect forever" the way in which a president's vow to uphold the nation's laws was viewed. "It will either be strengthened in its power to achieve justice," he said, "or else 'become a mere convention full of sound and fury, signifying nothing.'"

In turn, Mr. Hyde introduced his team of 13, all Republicans, all lawyers. The prosecutors have been given 24 working hours to make the case that the two articles of impeachment approved Dec. 19 by the House merit a president's removal for the first time ever.

Mr. Seusenbrenner delivered the Republicans' formal opening argument. He reviewed recent judicial impeachments and said, "In each case, the Senate showed no leniency to judges who

lied," adding, "Their misconduct was deemed impeachable."

To fail to convict Mr. Clinton, he said, would send a message that "we as a nation have set a lower standard for lying under oath for presidents, than for judges."

He said Mr. Clinton had engaged in "an extensive scheme" to keep Paula Corbin Jones, a former Arkansas clerk, from asserting her case of sexual harassment against him and later lied and used aides and friends in an effort to block the inquiry of a grand jury investigating the Lewinsky matter.

White House lawyers, who will make their arguments beginning Tuesday, are expected to contest the factual allegations and say that even if the charges against Mr. Clinton were proved, they did not rise to the level of "high crimes and misdemeanors" stipulated in the constitution as grounds to remove a president from office.

The central figure, Mr. Clinton, was far from Capitol Hill on Friday. He is not expected to testify, though Mr. Hyde said he would like the Senate to summon Mr. Clinton. The president apparently cannot be compelled to do so.

Mr. Clinton spent Friday morning at a meeting on community policing in Alexandria, Virginia. After returning to the White House to meet with advisers about the State of the Union Message he plans to deliver Tuesday, he was to fly to New York for a visit of the Stock Exchange and private meetings on Wall Street.

Aides say Mr. Clinton had reviewed and revised the trial memo that argued that his "personal failings" did not threaten "grave harm to the republic" and "were no grounds for removal from office."

White House spokesmen, less restrained than the president has been, lashed out angrily Thursday at the House prosecutors. Joe Lockhart, the press secretary, charged that the House prosecutors had "consistently bent, changed, shifted the rules" for political purposes. He said the meeting between House managers and senators could undermine Senate bipartisanship.

According to The New York Times, Trent Lott, the majority leader in the Senate, had named three Republicans to meet with the House prosecutors on the witness question after a preliminary agreement to have a bipartisan group of four senators review the matter fell through.

Senate Democrats were belatedly invited to the meeting Monday, but Mr. Daschle declined the offer for the Democrats, saying it violated the agreement to delay consideration of the witness question until after opening statements, The Times said.

That meeting, Mr. Daschle said Thursday, "certainly violates the spirit of the agreement that we all agreed to just last week." He said he was "equally dismayed" that House managers had tried to contact potential witnesses, including Ms. Lewinsky, even before the Senate resolved the question of whether any could be called. Her lawyers declined to permit an interview.

Democrats cautioned Thursday to discuss the Republicans' meeting.

"I was really disappointed, actually saddened to see it," Senator Patrick Leahy, a liberal Democrat from Vermont, said afterward. The apparent end to bipartisanship, he said, "is very, very disappointing."

Mr. Lott, defended the meeting, saying it led to no substantive decisions.

It was unclear whether the disputes over the meeting and witnesses might be patched up, or whether it anguished more profound partisan splits.

The Senate is to reconvene Friday at 1 P.M., and Republicans indicated that they planned to conclude their arguments on Saturday.

## POLITICAL NOTES

### Boost for GI Bill On College Costs

WASHINGTON — A congressionally appointed commission recommended Thursday the first major overhaul in veterans benefits since World War II, including improvements in two of the most popular of all government programs: the GI Bill's educational program and home loan guarantees.

The GI Bill proposal is the most dramatic of the 100 recommendations by the 12-member bipartisan panel. If adopted by Congress, the government would pay the full college costs of veterans who served at least four years on active duty, regardless of the cost of the college or university. It would also pay \$400 monthly stipend.

The educational proposal "will open the door of the military to a much broader cross-section of America's youth," said the panel chairman, Anthony Principi. He said provisions would help reverse a long slide in morale in the military and to help it retain personnel. (AP)

### New Hat in Ring

WASHINGTON — Representative John Kasich of Ohio, chairman of the House Budget Committee, has taken the first steps toward a run at the presidency, filing the paperwork that allows him to begin raising money and assessing his prospects in a growing Republican field.

Mr. Kasich, 46, opened an exploratory committee Wednesday in Ohio for the national contest in 2000. Aides said they expected him to formally declare his candidacy in late spring.

A protégé of a former House speaker, Newt Gingrich of Georgia, Mr. Kasich is promising a high-energy, high-tech, populist campaign that he hopes can overcome his expected fund-raising disadvantage against several Republicans with extensive fund-raising networks. Mr. Kasich acknowledged that he would be outspent, but he said he hoped to compensate with a strong grass-roots campaign effort.

A former Tennessee governor, Lamar Alexander, and Senators John McCain of Arizona and Robert Smith of New Hampshire have already taken steps to begin their campaigns. (WFP)

### Away From Politics

• A former employee of a small software company in Camarillo, California, shot and killed a co-owner of the firm and sent other workers scrambling before shooting himself in the stomach, authorities said. Michael Khaimchayev, 36, was arrested after a 10-minute chase. He had been fired from the company in which he was a co-owner. (AP)

• Police in Bridgeport, Connecticut, arrested a man sought for questioning in the killing of an 8-year-old boy who was expected to testify against him in a murder trial. Russell Peeler was being held without bond on a charge of possession of a stolen firearm. He had been free on bond in a case in which the boy, Leroy Brown Jr., was expected to be a key witness. (AP)



## ASIA/PACIFIC

## Malaysian Opposition Insists That Anwar Case Be Dropped

By Thomas Fuller  
International Herald Tribune

KUALA LUMPUR — The leader of the parliamentary opposition called on the government Thursday to drop its case against Anwar Ibrahim after the trial judge ruled that two months' worth of evidence and testimony relating to the former deputy prime minister's alleged homosexuality was now "irrelevant."

Lim Kit Siang, head of the Democratic Action Party, said Malaysia's attorney general "should withdraw the four charges of corruption against Anwar or publicly apologize for deviating from the traditional prosecutorial standards and causing manifest injustice to Anwar after 10 weeks of trial."

The judge's decision — a major shift in the politically electrified trial — radically narrows the scope of the case and means that defense lawyers will not be

given the opportunity to refute the allegations of sodomy and sexual misconduct lodged against Mr. Anwar by the prosecution.

Following the decision Wednesday to rewrite the charges against him, the government is now focusing on allegations that Mr. Anwar directed police to obtain written denials from two people who accused him of sodomy. But the truth or falsehood of those allegations is now irrelevant, the judge ruled.

Sodomy was the stated reason why Prime Minister Mahathir bin Mohamad dismissed Mr. Anwar in September.

Mr. Anwar and his lawyers were livid after the judge's ruling Thursday, which expunged, by defense estimates, 75 percent of the evidence adduced so far in the trial.

"They have achieved their aim to smear me, so now they amend the charges. This is Mahathir's justice," Mr. Anwar told reporters in the court.

Outside the courthouse, Mr. Anwar's wife, Azizah Ismail, said, "My husband is now disabled from denying the vile, baseless and false allegations made in court and which had been given wide publicity throughout the world."

Among the evidence now expunged from the trial is a semen-stained mattress, DNA test results and testimony by one witness that he was Mr. Anwar's "sex slave."

"They cannot bring in all this evidence to unfairly smear the accused and then now say it is not relevant," Mr. Anwar's lead counsel, Raja Aziz Adrus, said Thursday.

The judge overruled the objection and directed lawyers that sex-related evidence "be expunged from the records and not be considered by the parties." Defense lawyers said they were prepared to leave the court in protest during the tension-filled session.

"We were ready to walk out," one defense lawyer said. "All of us packed our bags." The lawyers relented when the judge reluctantly allowed the case to be adjourned for 12 days to give more time to the defense to prepare for the rewritten charges.

Given the narrow scope of the trial, the defense believes it may be barred from calling such high-profile witnesses as Prime Minister Mahathir bin Mohamad and Finance Minister Daim Zainuddin.

"If we call these people, chances are that we will be blocked by the judge," the defense lawyer said. That could severely damage Mr. Anwar's defense. The former deputy prime minister claims he is a victim of a political conspiracy to remove him from office.

The renewed controversy over Mr. Anwar's case comes just as top officials in government appeared to want to put the issue behind them.

Mr. Mahathir reshuffled his cabinet last week, making key changes to ministries involved in Mr. Anwar's dismissal, beating and trial.

Mr. Mahathir also relinquished his long-held post as home minister, following criticism over Mr. Anwar's beating by the police, who fall under that ministry.

The government must hold elections before April 2000 but could call them within months, according to political analysts.

Mr. Anwar has refused to let up in his crusade against the government. He has unleashed a flurry of litigation against Mr. Mahathir, the police and the attorney general.

He has charged the government with not following proper procedures in dismissing him and has sued Mr. Mahathir and others for his beating in custody, which shocked the country and left him badly bruised.

BRIEFLY  
31 Indian Pilgrims Die in Stampede

NEW DELHI — Thousands of barefoot pilgrims crammed on a peak near a mountaintop shrine in southern India caused a stampede Thursday that killed 31 people, the police said.

The Press Trust of India said more than over 100 were injured, several of them seriously, but police placed the number of hurt at 56.

Part of a hilltop cave in at Pamba near the Sabarimala shrine, where thousands of people jostled on a hill to watch what pilgrims believe is the celestial light, officials at the police control room in Trivandrum said. (AP)

## India and Pakistan Test Bus Service

AMRITSAR, India — Pakistani officials were greeted with flowers Thursday after they crossed into India on a bus that will provide the first regular service between the two countries in 50 years.

Passenger service will run between the Pakistani border city of Lahore and the Indian capital of New Delhi, part of a campaign to improve relations between two countries.

The heavily guarded practice run to New Delhi and a previous run in the opposite direction by Indian officials were meant to work out any logistical problems. (AP)

## Free-Speech Bid Fails in Singapore

SINGAPORE — An opposition politician who is challenging free speech restrictions in Singapore by giving public addresses without police permits was turned away from the National University on Thursday as he tried to hand out fliers.

Chee Soon Juan, head of the 200-member Singapore Democratic Party, said university officials and police ordered him to leave after he entered an open area of the campus, telling the lawmaker that it was private property.

"It's a national university, funded by public money," Mr. Chee said in a telephone interview, adding that he had decided to respect the request to leave so that he could research the issue further. (AP)

## Nepal Leader Wins Vote of Confidence

KATMANDU, Nepal — Prime Minister Girija Prasad Koirala won a vote of confidence in Parliament on Thursday for a government he wants to hold power just long enough to oversee new elections.

"I will seek the dissolution of this Parliament either tonight or tomorrow after we have a meeting tonight," the prime minister told reporters after winning the vote in the 205-seat House of Representatives, Nepal's lower house of Parliament. (AP)

## CAMBODIA: An Ecological Warning

Continued from Page 1

were cut annually, compared with an estimated sustainable yield of no more than 1.5 million cubic meters, and that a further 6 million cubic meters of logs are felled each year for domestic consumption.

The commercially valuable species are mainly smuggled across Cambodia's long and porous borders to, or through, Vietnam, Laos and Thailand, despite an official ban on exports of logs and on processed timber that does not come from legal concessions.

Many of the fish, including eels, prawns and catfish, harvested from the Tonle Sap lake by trawlers of wealthy concession holders are exported to other Southeast Asian countries. The lake has an annual yield of nearly 200,000 tons, valued at about \$70 million.

"Basically, we are raping our own country with support from outside," said Kao Kim Houn, executive director of the Cambodian Institute for Cooperation and Peace.

In a separate report prepared recently for the board of the Asian Development Bank, marine scientists found that, as a result of logging and other human encroachment, less than 39 percent of the original 10,000 square kilometers of flooded forest that formed the main fish-breeding grounds of the Tonle Sap lake remained under natural vegetation.

They said fishing in the lake had "increased dramatically" in recent years as the government's fisheries department had expanded the auctioning of fishing concessions. About 3 million Cambodians live on or around the lake.

"The concessions usually are acquired by wealthy outsiders, thus taking fishing grounds away from riparian communities," the report said. "The fisheries clearly show signs of over-exploitation, including the disappearance of large commercial species from the catch, their replacement with smaller and less valuable species, and a marked decline in the average size of the fish caught."

Some scientists worry that if rampant logging continues, the Tonle Sap lake may silt up entirely.

In 1997, forest covered 10.6 million hectares (26 million acres), 58 percent of Cambodia, down from 13.2 million hectares, or 73 percent, in 1969.

The World Bank estimates that 4.3 million cubic meters of timber with a

potential export value of \$350 million were logged in 1997 alone, far in excess of the sustainable yield.

But the government in Phnom Penh collected taxes of only \$12.4 million on that haul.

The paucity of this tax collection, which critics say is a symptom of a deeply corrupted regime, riles foreign governments, nongovernment aid organizations and international financial institutions, which have poured several billion dollars in aid into Cambodia in recent years.

They will insist at the donors' meeting in Japan next month that the Cambodian government show a credible commitment to reform, especially in forest management, in exchange for new aid, officials said.

The World Bank, in its report in May, said that nearly 70 percent of Cambodia had officially been allocated for forest concessions, but its forest law was unenforceable.

"Since 1993, the military, especially army commanders, have come to regard these forest resources as their own parish," said Paul Matthews, resident coordinator for the United Nations in Cambodia. "They see them as a supplemental source of finance. It's sheer greed, shortsightedness and indifference to the consequences for the country and the vast majority of the population."

Apart from depleting central government coffers and causing major environmental damage, the illegal logging is fueling corruption, lawlessness and human-rights abuses, aid officials and government critics say.

Many timber companies in Cambodia operate as "a virtual mafia," said Patrick Alley, co-director of Global Witness, a nongovernment organization based in London that has published eight detailed reports on Cambodia's timber trade since 1995.

"They operate illegally in other companies' concessions, paying the military to intimidate the relevant authorities and the companies themselves," he said. "In addition, they use force to threaten other companies' workers, which has resulted in numerous killings."

Cambodia's parliamentary opposition leader, Sam Rainsy, said the deforestation had "enriched a dangerous class of timber warlords" linked to the government of Mr. Hun Sen and the military.

Illegal and anarchic logging associated with rampant corruption must be



Prime Minister Obuchi, right, introducing Takeshi Noda, Japan's newly appointed home affairs minister.

## JAPAN: New Coalition Is Expected To Press Financial Reforms

Continued from Page 1

President Bill Clinton and Ryutaro Hashimoto, who was then prime minister, in September 1997. But bills to turn the pronouncements into policy have languished ever since in a rudderless Parliament divided by disagreements on Japan's constitutional restrictions on all but defensive military activity.

Members of Mr. Obuchi's party have had deep misgivings about the new arrangement, which would allow Japanese troops and ships to support the United States in any military con-

flict in East Asia. Some party members have argued that Japanese participation in such conflicts would be unconstitutional.

Mr. Ozawa, who made a name for himself with a book calling on Japan to become a "normal nation," argues for swift passage of the defense legislation. The two parties have not settled their differences on the issue, but most analysts say it will now be easier for those bills to pass.

President Clinton, during a visit to Japan last year, urged swift passage of the new defense guidelines.

North Korea figured prominently in

the negotiations over a coalition and in Mr. Clinton's insistence that the bills pass soon. Pyongyang startled Japan in August when it tested a surprisingly powerful rocket over Japanese territory. Alarmed politicians in Japan immediately stepped up their debate over the nation's defense, helping to pave the way for a deal with Mr. Ozawa.

Mr. Obuchi and Mr. Ozawa also agreed to a compromise that would allow Japan to participate in most United Nations peacekeeping activities. They also agreed to an Ozawa proposal that the number of cabinet ministers be reduced from 20 to 18.

stopped," he said. "More damage will further alter the climate, cause erosion that fills irrigation channels and fishing grounds with silt, and leave Cambodian farmland ever more vulnerable to both drought and flooding."

Some Cambodian officials put part of the blame for abuses in the forest industry on political rivalries between the two parties in the former coalition gov-

ernment that broke apart in July 1997, after Mr. Hun Sen used force to oust supporters of his co-prime minister, Prince Norodom Ranariddh.

Since Mr. Hun Sen and the prince reached agreement in November on terms for a new coalition in which Mr. Hun Sen is the sole prime minister and dominant figure, there is a better chance of bringing order back to Cam-

bodia's forests, these officials argue. "If this government, and the Cambodian People's Party which Mr. Hun Sen leads, want to win the next election, they know that they must stop illegal logging," said Khieu Kanharith, Cambodia's secretary of state for information and a senior party member. "The people don't like it. For every log that is cut down, we lose a vote."

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EUROPE

# Russia Defiant in Face Of U.S. Threats on Iran

**MOSCOW** — Russia again responded defiantly Thursday to U.S. sanctions and a threat of further action over alleged Russian exports of missile and nuclear technology to Iran, and it said that inept U.S. spying might explain the episode.

Moscow gave no sign of curtailing cooperation with Iran, and the Atomic Energy Ministry said it planned to more than triple its staff of nuclear workers in Bushehr, Iran, where it is building a civilian reactor.

The United States has long feared that the reactor is a cover for Tehran to get sensitive Russian nuclear technology that might be used for weapons.

"The accusations are groundless," a Foreign Ministry spokesman, Vladimir Rakhmanin, told reporters in Moscow. "Our organizations are not dealing with Iran in sensitive areas."

Washington banned aid and commercial links with three Russian scientific institutes on Tuesday — a mostly symbolic gesture — provoking a strongly worded condemnation from Moscow.

On Wednesday, the United States added a new, more financially potent threat to limit launches of U.S. satellites on Russian rockets unless Russia ended the alleged cooperation. A spokesman for the Khrushchev Space Center said Moscow could lose \$270 million in 1999 if the threat were enacted.

The Russian Federal Security Service, a descendant of the Soviet-era KGB, took a swipe at its old rival Thursday, saying the U.S. moves might be a result of sloppy American spy work.

"We hope that such a situation is the result of a misunderstanding, and perhaps, defective work of the American special services," the agency said in a statement.

At the Atomic Energy Ministry, a spokesman, Yuri Bospalko, said Russia would increase its staff at Bushehr, site of an \$800 million nuclear energy reactor under construction, to 1,000 people from about 300 now.

Tehran Radio quoted a spokesman for the Iranian Foreign Ministry, Hamid Reza Asefi, as condemning the U.S. charges, saying it was "Iran's natural right to use nuclear technology for peaceful purposes."

Russia's Federal Security Service said it had conducted its own investigation of the three institutes and found no cause for concern.

Russia says the Bushehr plant is for purely civilian purposes and has been given a clean bill of health by the International Atomic Energy Agency. Washington insists, however, that Iran cannot be trusted with nuclear technology.



Firemen inspecting the U.S. refueling plane that crashed in a forest near the German-Dutch border.

## Rescuers Sift Debris of U.S. Military Crash

**FRANKFURT** — Rescue workers recovered two bodies Thursday and searched for two others from a U.S. military refueling plane that crashed and burned near the German-Dutch border.

Flags from 14 countries flew at half-staff at the North Atlantic Treaty Organization base in the northwest German town of Gellenkirchen, where the KC-135 Stratotanker had been temporarily assigned. The plane was trying to land after a refueling run when it crashed Wednesday, about 3 kilometers from the base.

All four crew members on board were presumed killed, said a NATO spokesman, Johan Hignemert.

The cause of the crash was unknown, but Mr. Hignemert said the plane had touched down, then took off again immediately, indicating a problem. It then crashed from a height of 200 meters (660 feet) and burst into flames. It took more than 100 Dutch and German firefighters about three hours to extinguish the blaze. The plane, which had been on a training mission, was carrying about 10,000 liters (2,600 gallons) of fuel, said Colonel Horst Abromeit of the German Army.

The pilot was identified Wednesday as Major David Fite of Bellevue, Washington. The co-pilot was Captain Kenneth Thiele of Spokane, Washington. The navigator was Major Matthew Laiho, and the fourth crew member was Sergeant Richard Visintainer, both also from Spokane.

The plane was attached to the Washington Air National Guard 141st Air Refueling Wing, based at Fairchild Air Force Base near Spokane. It was one of two planes and three crews sent to Gellenkirchen on Jan. 3 to support refueling missions of NATO reconnaissance planes, said Major Mark Brown, a base spokesman.

No one on the ground was injured, according to the German Defense Ministry.

Gellenkirchen, an AWACS base close to the German border with the Netherlands, is about 100 kilometers (60 miles) northwest of Bonn.

## Yeltsin Cancels Kremlin Meeting, but Aides Say He Is Well

**MOSCOW** — President Boris Yeltsin failed to show up Thursday for his first planned Kremlin meeting of 1999, but his spokesman said the Russian leader was feeling fine and working at a residence outside Moscow.

The spokesman, Dmitri Yakushkin, said Mr. Yeltsin had canceled Kremlin meetings scheduled for Thursday and Friday but declined to give a reason for the unexpected changes.

"The president's schedule is the president's schedule," he said. "The schedule has changed, and that's it."

Mr. Yeltsin had been due to return to the Kremlin on Thursday for the first time since the Christmas and New Year holidays.

Asked about the state of the 67-year-old president's health, Mr. Yakushkin said, "He feels fine."

The spokesman declined to say how Mr. Yeltsin had reacted to U.S. sanctions against Moscow over alleged nuclear and missile aid to Iran. Prime Minister Yevgeny Primakov and the Foreign Ministry have strongly criticized Washington's action.

Mr. Yeltsin spent long periods out of view last year and suffered from a range of ailments, most recently pneumonia, that forced him to cancel trips or meetings just as the country was plunging into its worst economic crisis since communism ended.

The spokesman said Mr. Yeltsin was working at his favored Gorky-9 residence near Moscow on Thursday. Russian officials say the residence has been equipped to enable him to work and communicate as if he were in his Kremlin office.

The Kremlin chief's last appearance was last Friday, when he was shown on Russian television meeting his chief of staff, Nikolai Bor-duzha, at another residence. The president looked relatively well but moved stiffly.

Earlier on Thursday, the Interfax news agency quoted Mr. Yakushkin as saying preparations were continuing for Mr. Yeltsin's trip to France on Jan. 28 and 29.

### BRIEFLY

#### Bonn Opposition Starts Petition

**FRANKFURT** — The Christian Democratic Party began a controversial nationwide petition drive Thursday to oppose a government plan to make citizenship available to about 4 million immigrants.

The conservative opposition party chose the central state of Hesse as a springboard for the campaign, hoping to turn citizenship into an election issue ahead of a Feb. 7 state assembly vote.

A leading far-right party, the anti-immigrant Republicans, also started a similar petition drive in the hope of getting into the assembly. (Reuters)

#### Slovaks to Vote for President

**BRATISLAVA, Slovakia** — The new government moved Thursday to end an embarrassing constitutional impasse, pushing through Parliament a vote to allow the president to be elected directly by the people.

Slovakia has been without a head of state since March 2, when Michal Kovac's term of office ended.

The presidency remained vacant because the previous Parliament was too divided to elect one. The impasse left the prime minister then, Vladimir Meciar, with most presidential powers until his party was defeated in general elections in September. (Reuters)

#### Blair Vows to Alter Party More

**LONDON** — Prime Minister Tony Blair, brushing aside grumbling from within his own ranks, vowed Thursday to take his Labour Party into a second term in office and push ahead with more radical policies.

In a keynote speech, Mr. Blair made clear that the resignation last month of Peter Mandelson, his trade minister and a key ally, would not deflect him from further altering his party to appeal to the middle class.

Mr. Blair spoke ahead of a Thursday meeting with the Liberal Democrats to discuss further areas where the two parties can work together. While senior cabinet ministers oppose partnership with the No. 3 party, Mr. Blair sees it as a potential ally in healing a century-old division in the British left. (Reuters)

#### Bertelsmann Probes Nazi Ties

**BERLIN** — The German media giant Bertelsmann said Thursday that it had launched an inquiry into its activities during the Nazi era in response to charges it published propaganda for the Hitler government.

The American-Israeli historian Saul Friedlander is leading the investigation by independent academics, the company said. Bertelsmann, which in the past insisted it had actively opposed Nazi rule in the 1930s and 1940s, came under fire last month when an independent researcher announced his findings that the company had published texts supporting the Nazi war effort. (Reuters)

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# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Time to Begin the End

A survey of public-opinion polls on the eve of President Bill Clinton's trial in the Senate shows that the American people still have things figured out correctly. Majority opinion is that he should continue in office, that he should be censured and that he lied under oath.

The Senate's task is to move as expeditiously toward a verdict that conforms with the public judgment, since that verdict would also conform with the evidence in the case.

There are many indications that the leader of the majority Republicans in the Senate, Trent Lott, is setting his course with a proper respect for the law, the traditions of the Senate and the polls, including those that show that voters will punish the Republicans if they bungle this trial.

Since the trial will develop its own dynamics, it is difficult to predict exactly how to manage it. But whatever happens, the senators must insist that the House prosecutors stick to the case that has been defined through the articles of impeachment.

Mr. Lott, in particular, must prevent the members from being diverted by a premature debate on the calling of witnesses. Members of both parties must resist the temptation of overreacting to White House briefs that offer what could charitably be called a highly imaginative rendering of Mr. Clinton's testimony about his pitiful little adventures.

Consider, for example, a key sentence in the trial memorandum released Wednesday by the White House. "The president testified truthfully before the grand jury," it said.

Not even a White House that won-

ders what the meaning of "is" can make that sentence true, since for the rest of the English-speaking world "the truth, the whole truth and nothing but the truth" still means what it always has.

Key Democrats, speaking privately, will say they believe Mr. Clinton lied and possibly obstructed justice. According to the CNN/USA Today poll by Gallup, 79 percent of those surveyed believe that President Clinton testified falsely when he was before the grand jury.

As these somber proceedings begin, the Senate's task is to bring into governance the active discipline and balanced judgment that has been missing from the White House. It must reject distorted Clintonian reality as a matter of intellectual honesty and as a symbol of Washington's enduring commitment to the rule of law.

It must move as quickly as possible through the arguments over the well-known evidence in this case and turn to developing a censure resolution that is properly proportioned to President Clinton's offenses. That means allowing him to remain in office but to carry for all his days a judgment that makes it clear that the American people do not buy his story, and neither will history.

This is not a time when the mills of justice must grind slowly.

Mr. Lott and his fellow senators have before them a mature case developed through months of investigation and adversarial legal argument. All that is left is for them to ignore House partisanship and White House obfuscation and bring this sad episode to a dignified conclusion.

—THE NEW YORK TIMES

## The Bad News From Brazil

It has been only two months since the International Monetary Fund put together a \$41.5 billion rescue package for Brazil that was predicated on Brazil's enacting fiscal reforms.

But in that short time, Brazil's situation has been deteriorating. That led to its 8 percent currency devaluation Wednesday, a move that unsettled world markets.

Unfortunately, that devaluation looks like an unsatisfactory half-step. It may alarm Brazilians worried about inflation, but it is not enough to bring the currency down to a reasonable value.

The move may intensify Brazil's recession rather than help to end it. Weakness in Brazil, the largest economy in Latin America, inevitably will damage other countries in the region.

Brazil has a history of hyperinflation, which it ended in large part through a policy that tied the value of the currency, the real, to the dollar by allowing only gradual and controlled deflation.

But the allowed decline was not enough to reflect economic realities, a

fact that became of great importance when international financial markets turned queasy last year in the wake of Asia's currency troubles and the Russian default on its debts.

The IMF plan provided money to allow Brazil to let its currency decline gradually while it took needed steps to cut wasteful government spending, which largely goes to support current and retired public employees.

But Brazil's Congress has balked at some of the modest reforms promised by President Fernando Henrique Cardoso, and one important state is threatening to default on its debts to the federal government rather than cut spending.

Brazil still has ample resources to defend its currency, as it had to do even after the devaluation. But it must show it can deal with its fiscal problems.

Otherwise, the International Monetary Fund may have to conclude that its decision to put together a Brazilian package was a mistake, and that to continue it would be to throw good money after bad.

—THE NEW YORK TIMES

## Menem's Admirable Record

Few people have earned as much international respect for their and their countries' accomplishments as Carlos Saul Menem, now in his 10th year as president of Argentina.

We used to blame others for our troubles, he told a Washington audience this week; now we take responsibility for ourselves. If there is an edge of pride to his self-accounting, then it is justified by the facts.

First under Radl Alfonsín and now under Mr. Menem, Argentina has overcome a history of internal upheaval and self-betrayal, and has established one of the hemisphere's premier free-market democracies.

Mr. Menem was jailed for his opposition to military rule and to the "dirty war" that the Argentine military conducted from 1976 to 1983.

Later he helped carry through a broad measure of national reconciliation. He is leaving to the courts the volatile matter of the old junta's "crimes against children" — the illegal adoption of more than 200 children taken from captive political dissidents who then were "disappeared."

Mr. Menem inherited an inflation rate of an annual 5,000 percent a year and took it down to 0.5 percent. It is easy enough to put on the brakes and reduce inflation. The trick is to make the economy grow.

—THE WASHINGTON POST

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## No More Economic Blame Games Against Asia

By Tom Plate

LOS ANGELES — Playing the blame game can be a no-win contest. That is especially true when the wrong culprit is blamed. Asia, which only a few years ago seemed to have economies that could do no wrong, has been viewed as largely responsible for its own current predicament.

But the world's fundamental economic worries transcend any one region's problems or mistakes.

Until relatively recently, Asia's secretive financing practices and clandestine corporate ways had been universally regarded as the root cause of the Asian financial crisis. Except for Indonesia, Asia was probably no worse in this regard than any other place. In fact, South Korea actually had better-than-average economic transparency. And much-maligned Malaysia had in place accountability standards tighter than those of many European economies.

So, was widespread Asian cynicism the big factor behind the rolling failures that began in the summer of 1997? Not really, concludes a recent report on the crisis by the United Nations International Labor Office. "In fact there is no clear evidence that there had been an increase in the extent of cynicism or market interventionism in the years immediately prior to the crisis. If these failings had always been present and compatible with high growth in the pre-crisis period, then it needs to be explained why, other things being equal, they should have provoked the crisis."

There is no disputing that many Asian economies needed a makeover. And the crisis has triggered many needed reforms, especially in Thailand and South Korea. At the same time, as the World Bank's chief economist, Joseph Stiglitz, has said, "ceaseless Western efforts to demonize Asia have a distinctly self-serving feel about them." It is easier to blame the Asian countries and their banking systems for lack of transparency than to question the policies of Western lenders. "He told a private audience at the World Bank in Washington late last year. "There is a lot of hypocrisy."

Paul Krugman, a professor at Massachusetts Institute of Technology, says in the current issue of Foreign Affairs that, rather than trying to lay all the blame on Asia, we should try instead to understand the current turmoil this way: There has been a bad accident on the freeway, and, yes, the perpetrator had a prior speeding conviction on his record. But hundreds of other drivers also have had accidents on this very turn in the freeway, so there must be something basically wrong with the construction design, too.

"From this analogy," said Mr. Stiglitz, who agrees with Mr. Krugman

on this point, "looking at the large number of financial crises in the past decades, it seems that the existing international financial architecture is having a lot of crashes."

Were Asian economies really any more transparent, any less given to crony capitalism in the 1980s, when all of them were chugging along so nicely, than in the 1990s, when many of them hit the wall?

"If America or Europe should get into trouble next year, or the year after," Mr. Krugman concluded, "we can be sure that in retrospect analysts will find equally damning things to say about Western values and institutions."

Nowadays, there is too much money flowing across borders, too much capital volatility. Or within troubled economies, investment money slows to a

trickle as the International Monetary Fund imposes anti-inflation and austerity policies that dry up domestic demand. As markets fail to generate adequate demand, the world slides further into recession.

Blaming Asia for the financial crisis creates serious problems. One is economic: Misguided hostility can divert attention from what must be done to avoid serious problems both this year and next.

Worldwide demand must be stimulated to avoid the spread of more recession, or worse. A new international system to buffer the most frightening effects of excessive short-term capital flows must be devised quickly. In Latin America right now, both Mexico and Brazil have been rocked by short-term capital flight. There is also a political cost. The blame game exacerbates tensions between Asia and America and could even make China's resistance to currency convertibility and

avoidance of monetary devaluation look Confucian in its wisdom.

Mr. Krugman, who was among the first to sense the coming of the Asian crisis and then was among the first to sense that Asia could overcome it, is underwhelmed by America's current superficial prosperity. Despite record stock market increases and record unemployment lows, he finds parallels between today's economic uncertainty and the onset of the Depression: "There is a definite whiff of the 1930s in the air," he says.

Asian nations have largely accepted the need for internal reform. America must accept the need to rein in certain free-market orthodoxies, including unfettered short-term capital flows and growth-suffocating anti-inflation demands.

If both sides seek a position of understanding, the no-win blame game can become a win-win situation.

Los Angeles Times Service

## Stop the Market? Want to Get Out? Too Late

By William Pfaff

PARIS — The financial crisis in Brazil tests the proposition that the American stock markets will keep going up because the U.S. government cannot afford to let them go down — a version of American corporate socialism that says public support for American investors at home and abroad is justified by the fact that if things go badly for them it could go worse for the American economy.

The rest of the world is included not only because of the huge amount of American money lent and invested abroad but because the amount of foreign money invested on Wall Street is the largest in history. As the economist David Hale writes, the world economy depends "on a robust U.S. equity market to sustain America's role as the world economy's spender of last resort."

All are implicated more deeply than they would like to be. Alan Greenspan could destroy the U.S. market bubble — if it is a bubble — with a maladroitness before the House Ways and Means Committee is anticipated with fear and trembling by many, possibly even by Mr. Greenspan himself.

Two years ago, when the U.S. market was 3,000 points lower, his comment about its "irrational exuberance" produced an immediate plunge. It came back; but will it come back next time? Whatever Mr. Greenspan's opinions, he is now muzzled by the fact that he is a walking embodiment of the principle in physics that the subject of an observation

is altered by being observed. What Mr. Greenspan thinks about stock market prosperity is integral to that prosperity. Even his silences are dangerous.

The managers of investment funds are in a yet more desperate situation. Even if they think the bubble is about to burst they dare not leave the market, because if the bubble were not to burst, or there proved to be no bubble at all, they would be ruined for having pulled their clients' money out of the stampede to riches. If they stay in, and there is a bubble and it bursts, they would be just another group of managers who got it wrong. Clients will be forgiving — those who still have any money.

A manager said on CNN the other night that his fund's executives tell him: "We want you to perform. We want you to keep up with the Standard & Poor's 500." He added: "But I'm scared stiff. I hate buying. I have no choice."

After Brazil he must be petrified.

In this way the law of gravity has been repealed, or so it is said. Market operators cannot get off the train. They look to Alan Greenspan to offer them an easy descent. But he cannot get off the train either. If all of them are not getting off the train, why should anyone else?

Why should anyone be bothered by the fact that most Internet companies whose stocks lead the stampede have yet to make any money? The romance of business is that you sell the dream.

The Big Bull Market, when Americans were singing "It Ain't Gonna Rain No More," ran into the Crash. But possibly history has also been repealed.

Today, not only do everyone's pension plans and savings depend on the market, but the market has become the driving force in the American economy. Managers no longer manage for quality. Managers no longer manage for the good of the company, its future, its market share, or for their own power and prestige — certainly not for the good of the work force and the community. They manage for the good opinion of fund managers, by way of their quarterly earnings report. If their company's stock does not go up every quarter they are out. That is all that counts.

Consumers go on buying not because they have money in hand but because they have a theory about future money. On paper, those who are in the market are richer than ever before — and they expect to become even richer. That theory is what moves the market.

If they start to doubt their theory, they will stop buying, company profits will falter, and then the stock market will fall and they will have lost their money. It is an entirely logical way to behave, up to a point — but one that cannot be determined.

One might consider this a vast confidence swindle, but no one is directing it, and so long as it goes on, no one is swindled. To go on, it requires the full faith and participation of everyone.

International Herald Tribune

Los Angeles Times Syndicate

## China Holds a Weak Hand, but U.S. Won't Raise Stakes

By Jonathan Mirsky

LONDON — An unidentified American official gave the game away Tuesday when he said that, while he admired the courage of the Chinese dissidents now going to jail with long sentences, he wondered if their attempt to form a democratic opposition was "a wise course."

It is impossible to imagine an American official, identified or not, daring to ask that question during the days of the gulag, when challenging the legitimacy of the Soviet state of Stalin and Brezhnev was equally "unwise."

But such is the special nature

of the Chinese-American relationship.

The bottom line is this: For many years, until the fall of the Soviet Union, Washington made allowances for Beijing's human rights violations because China was being played as a card against the Russians; Washington even shared secret military intelligence with Beijing.

Nowadays, although there is no reason to play the China card against the Soviets, there are new reasons in Washington to

avoid pressing the Chinese about human rights.

This is the age of "constructive engagement." In the United States and in Britain, just as Wei Jingsheng had been released in return for President Jiang Zemin's being entertained at the White House.

This year, as in 1998, the United States and China have held human rights negotiations aimed at a resolution at Geneva in March concerning China and amid the usual remarks from Secretary of State Madeleine Albright that "we are very disturbed" by the recent sentences of dissidents.

What is plain to Beijing is that the United States will never punish the Chinese for their human rights abuses, not even by canceling or limiting legal seminars, exchanges of experts, or the sale of technology.

Beijing knows the new reasons for U.S. spinelessness. The first is economic relations. Prime Minister Zhu Rongji will visit Washington in April. Although there were heavy American warnings that the recent arrests might cloud the meetings, the assistant secretary of state for East Asian and Pacific affairs, Stanley Roth, said that economic matters would dominate the discussions.

But far more important is the American fear, not of China's power but of its weakness, even of its possible collapse. This fear is an amalgam of alarm that Beijing might devalue the yuan,

thus dramatically deepening the East Asian crisis, and of concern that the country could be torn apart by widening peasant and worker unrest and by splits between hard-liners, reformers, and military factions about how China should be governed.

Here the U.S. has played straight into China's hands. Chinese leaders harp on the need to bolster stability, warning that corruption "can bring us down." They issue similar warnings about the danger of "bourgeois democracy" and "Western-style liberalism." The older members of the party know very well that as Lenin and then Mao said, "A single spark can start a prairie fire." Washington fears such a blaze. China's leaders count on that fear and its resulting cowardice.

After the Western powers decided to drop any condemnation of China at Geneva — it will likely happen this year, too — Mr. Wei observed: "The Chinese government's human rights concept has not moved toward the universal standard of human rights. On the contrary, the human rights values of Western politicians actually have moved closer to those of Communist China."

The writer, a former East Asia editor of The Times of London, contributed this comment to the International Herald Tribune.

## Better Health Stokes Productivity

By Gro Harlem Brundtland

LONDON — There is solid evidence to prove that investing wisely in health will help the world take a giant leap out of poverty. We can drastically reduce the global burden of disease. If we manage, hundreds of millions of people will be better able to fulfill their potential, enjoy their legitimate human rights and be driving forces in development. People would benefit. The economy would benefit. The environment would benefit.

Between 1996 and 1997, the human development index declined in more than 30 countries. Almost one-third of all children are undernourished. The average African household consumes 20 percent less today than it did 25 years ago. The developing world carries 90 percent of the disease burden, yet poorer countries benefit from only 10 percent of the resources that go to health. One fifth of humanity does not have access to modern health services. Half of us lack regular access to essential drugs. Even in affluent industrial countries, 7 percent to 17 percent of the population is poor.

Many rich countries are in danger of creating a permanently poor underclass. Many of these people are chronically ill, too sick for productive work and unable to provide their children the start in life that could help them escape the predicament of their parents.

We have known for a long time that poverty breeds ill health, but ill health also perpetuates poverty. Improving health in poor countries leads to increased gross domestic product per capita. In richer countries, it reduces overall costs to society. From often being seen as an unproductive consumer of public funds, health is now being seen as a central element of productivity itself. It can be disarmingly simple. A study from Indonesia shows that workers who are treated for anemia are 20 percent more productive than those who are not. It can also be frustratingly complex, as the negative cycles of unemployment, poverty and ill health in rich countries bear witness.

But it is not automatic. The bottom line is access to quality services, including public health. The more countries move in the direction of universal coverage, the better the effect — on both social and human capital.

At the Social Summit in Copenhagen in 1995 we agreed to the 20/20 principle. The aim is to persuade donors to invest a minimum of 20 percent of their development aid in basic health, education and social services in exchange for similar commitments in the national budgets by recipient governments.

We need to secure the resource base, especially as public budgets come under fire. It is not, however, a call for the return to the simplistic ideas of the 1960s and 1970s that pouring huge sums of aid into the public coffers of poor countries would quickly bring prosperity and development.

Although many countries spend far less on health than is necessary, a few may even spend too much. In the United States, health care spending exceeds 16 percent of GDP. Yet more than 40 million Americans do not have health insurance.

Economic realism, linked to science-based knowledge and the basic principle of the right to health care for all, has to be the foundation for any health systems development in the coming century.

Both the World Bank and the International Monetary Fund are increasingly advocating a central role for health, calling on ministries of finance to protect health budgets, even to increase them, and the World Bank is substantially increasing lending for health.

WHO has embarked on a thorough reform of the way we work with countries, aiming at helping countries strengthen their health sector and define their own priorities, and seeing to it that the approach to development is not fragmented. We are also cooperating more closely with the World Bank and the IMF.

The events of the last two years — the AIDS pandemic, the dramatic health decline in Russia, the social consequences of the crises in Asia — have provided us with a new chance to detect the weaknesses and stresses in rapidly changing social and economic systems. It is a chance we should grasp. Unless we act now, we may face crises of ever-more severe consequences.

The writer is the director-general of the World Health Organization. Her comment was adapted from a speech that she gave Thursday to the King's Fund in London.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Nubar's Death

PARIS — The "Figaro" announces the death in Paris yesterday (Jan. 14) of Nubar Pasha, the former Egyptian Premier. "Whist," in an article dealing with his career, says: "We Frenchmen have always had reason to applaud Nubar, as in the affair of the 'Bosphore Egyptian,' for instance. But if, on several occasions, he endeavored to frustrate our influence, he never desired to develop those of our rivals to our prejudice. He wanted a free Egypt, independent of all foreign influences, but neither he nor Egypt herself had in hand the elements of such a regeneration at short notice."

1924: Knickers O.K.

REEDY, W. Va. — By a margin of one vote, the women of this village won a referendum repealing the local ordinance prohibiting women from wearing

knickerbockers in the streets.

1949: Complaint Box

TRIESTE — Complaint boxes to enable one Bulgarian to denounce another anonymously have been installed in the streets of Sofia. The scope of the denunciations which may be made through these boxes was set forth in an official decree by the Sofia Fatherland Front Committee. The following are among the purposes of the denunciations: "To control the personal life of all citizens; to organize vigilance in regard to abuses in public and private institutions; to control the behavior and promptness of administrative personnel. Seven-man 'public control commissions' in various districts of Sofia are empowered to open these boxes. The commissions are empowered to delve into 'all public institutions and enterprises' as well as 'co-operative and private fields.'"

سكرا من الامم



OPINION/LETTERS

# Now, Clinton Loyalists Get Their Turn

By William Safire

WASHINGTON — Knock yourself loose calling all over the world to produce a column about the Syrian dictator Hafez Assad sending hoodlums to trash the U.S. Embassy in Damascus, and nobody cares.

But suck your thumb, stare at the wall and wonder in print what holds Bill Clinton's popularity up despite a year running Shame Inc. and — hoo-hah! — more mail comes pouring in than from any of your columns in years.

As a result, I now have in hand a survey conducted on the same scientific lines as the memorable Literary Digest poll of 1936, which forecast Alf Landon's victory over FDR.

**Finding No. 1.** Clinton loyalists see the media as elitist hounds and the man being impeached as a populist fox. "What the elitist class and media elite don't understand is... he likes us so much better than he likes all of you," notes a Floridian. "In fact, he can't stand you and neither can we."

**No. 2.** Loyalists find his failings to be their failings. "I prefer human leaders," writes an Indiana woman. "And Bill Clinton seems to have a sin for each of us to identify with." (She adds: "We

like people who tell us we are doing good. When was the last time any right-wing ideologue said we were doing good?" "He is being guided," a preacher notes, "...being used to reveal human frailties which have been a part of who we are for eons."

**No. 3.** He is grudgingly admitted for his Houdini-class escapes. "Our lives replay high school," says a New York City man. "Bill Clinton is the popular kid — athletic, socially adroit, charismatic — who runs afoul of the rules. Yet he somehow manages to escape real punishment or taint. Worse, he makes the winning touchdown, delivers the class address and scores with all the babes. Meanwhile, the dutiful, diligent geeks (Republicans) just can't understand the unfairness of it all."

**No. 4.** Some loyalists discern a liberating message in his example. "Bill Clinton has challenged two of our hypocrisies," writes a Connecticut woman. "We have had to admit that sexual activity is not the crime we thought it was, and that, on occasion, we condone

dishonesty.... He has reminded us that sexual activity is... a necessity for our good moods, our creative energies and even for our feelings of generosity toward others."

**No. 5.** Impeachment is akin to combat, say Clinton die-hards, and sides must be taken. "I feel I've been put in the situation of someone who must choose between two sides in a horrible civil war," writes a Florida man. "One in which both sides are routinely committing atrocities. I can live with the aftermath of Clinton's conduct. I cannot live with everyone suddenly having to pass the muster of the self-appointed guardians of the national morality."

**No. 6.** In this culture clash, loyalists see Mr. Clinton as their persecuted champion. "Fundamental belief systems, analogous to those in the Civil War, are in question," holds a Connecticut Ph.D. "The equality, or dominance, of a race or gender underlies the apparent conflict between political parties... about familiar white male values in contrast to more democratic but scarier ones."

**No. 7.** Loyalty to the president in this context is intensified by anger at his pursuers. "It's fun watching you right-wing, obnoxious, out-of-focus freaks twist in the wind," fulminates a New Yorker. "This is war." A more temperate Californian notes: "The phenomenal meanness of so many of Clinton's critics elevates him by comparison. People grow weary of negativities."

That is the central point about the source of support for Mr. Clinton in the mail drawn by my wonderment.

"How can you not understand the concept of the enemy of my enemy is my friend?" asks a Wisconsin man.

"The critics of the president scare many of us out here in the hinterlands," he writes. "They are moralists, they have no sense of human frailties, and they frankly aren't very likable. If they keep their mouths shut and let moderate people present the issues, the president's support might diminish significantly."

There we have a snapshot of some of the sources of this president's remarkably solid support.

The loyalists' Bill Clinton: not a reckless predator of women but a victim of an elitist-moralist plot; not a breaker of solemn oaths but a breaker of moral chains; not a cornered man but a hero to all who feel hunted. Is this the new, much different Silent Majority?

The New York Times

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.



## Europe's Universities Need to Get Competitive

By Staffan Burenstam Linder

RUSSELS — The most dangerous weakness of Europe lies in its universities.

The United States has the world's leading industries in many fields, from high tech to fast food, from Wall Street

to Hollywood. But there is no field in which it has the top 10 organizations in the world, except universities.

You know the names of Harvard, Stanford and Chicago because they are the best. If you know the names of the Sorbonne, Heidelberg, and Bologna, it is because you are a cultivated person. (Typically, as I write this, the spelling program of my computer accepts the names of the three U.S. universities but signals an error for the three European ones).

There is more than one reason why the vast majority of Nobel laureates come from the United States. However, the most important factor is the system of university governance.

European universities are part of monolithic, government-run national systems. American universities enjoy great freedom of governance and are engaged in intense competition. Most of the famous American universities are private, nonprofit institutions. The few preeminent American state universities have had to gain their positions in a highly competitive environment.

European university rectors are not appointed (or dismissed) by the university board but typically are chosen through a politicized process in which colleagues, students, and nonacademic staff vote on a nominating list from which the government makes its choice.

To be a rector requires an accommodating spirit rather than entrepreneurial ability. University boards are usually made up of political appointees.

Curricula are decided by parliaments. The rector and the board are not free to establish new departments. Professors are not created by the university board but by the Ministry of Education. The system for making faculty appointments is heavily regulated. Faculty salaries are determined through government decree, and longevity matters more than merit.

Universities are not free to determine

German students who marched last year to protest meager resources and facilities at their universities were in revolt against a government-run monopoly. But the solution is not more government funding. Universities need freedom to seek their own solutions and other sources of financing. Instead of writing annual checks (and detailed instructions), governments could capitalize these flows and provide endowments.

Prime Minister Tony Blair of Britain has said that he plans to introduce university tuition fees. This may be seen by some as discrimination against the poor. But in Europe a student must have substantial private means to pay living costs during many years — in Germany a horrible average of seven undergraduate years in the social sciences — of mediocre education. Modest annual student fees could provide as much as governments now spend on courses. Imagine using such an input to double the quality. The investment would produce a great return.

Complacent professors and political ideologues may declare that universities are different — that they cannot be looked upon as vulgar businesses. Of course not. The activity of universities is not vulgar; it is exceptionally important. That is why European universities must be up to standard and able to compete. Otherwise, how will European business and high-salary employment — and European culture — survive in the knowledge age?

Mr. Linder is a member of the European Parliament and former president of the private Stockholm School of Economics. He contributed this comment to the International Herald Tribune.

## LETTERS TO THE EDITOR

### Business in Hong Kong

Regarding "Too Business Friendly in Hong Kong and Malaysia" (Opinion, Jan. 1) by Philip Bowring:

The dominance of the economy by developers makes Hong Kong far from business-friendly. It makes business very difficult for those who operate their core businesses in areas that interest the developers. Why should world leaders in businesses such as telecommunications and broadcasting contribute their expertise by investing in market that is tipped in favor of a few domestic players?

Businesses and consumers have suffered long enough. Hong Kong's leaders should take decisive action. Throwing open the door to the telecoms sector and re-tendering of retail at Chek Lao Kok by the airport authority would be suitable first steps. For the longer term, a clear commitment should be made to freeing Hong Kong from the stranglehold of the property sector. Such a commitment should be in due course backed by a comprehensive plan of action. This would be the start of a truly "business-friendly" policy for Hong Kong.

DENNIS FABRI  
London.

### The Banana Face-Off

Regarding the editorial "A Banana Split" (Opinion, Dec. 23):  
The editorial overlooks the fact that it is the United States, not the European

Union, that is flouting the rules of the World Trade Organization, by its unilateral action against the EU exports.

Only the WTO can decide whether the amended EU regime is in accordance with its ruling. Caribbean banana growers are only too well aware that the regime has involved major changes to their detriment, in order to comply with the WTO ruling. The Union sought to secure a ruling on its conformity, but the United States blocked this.

The risk of international anarchy comes from major powers seeking to enforce their own interpretation of the law by aggressive action outside the WTO framework — and in the present case essentially to increase the market share of U.S. companies by driving small Caribbean states out of the market.

GORDON MYERS,  
Middlesex, England.

The writer is the European representative of the Caribbean Banana Exporters Association.

### On Clinton's Ratings

Regarding "America's Loyalty Blotter Marches On to His Shame" (Opinion, Jan. 12) by William Safire:

It is not a matter of loyalty to President Bill Clinton, but of the public's defense of the electoral system, which underpins American democracy.

LISE HARTMAN,  
Paris.



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## Pilgrimages in the Mist

Buddhist Mountains of China Await the Intrepid

By Katherine Tanko

**B**AGUO, China — Religious pilgrimages, it seems, are back in fashion in China, and one of the most popular destinations is Emeishan, a 3,000-meter-high peak just south of Chengdu in Sichuan Province.

One of four holy Buddhist mountains in China, Mount Emei boasted more than 100 monasteries and thousands of monks during its heyday in the 15th century. Only 20 monasteries remain today.

From the village of Baguo at the base of the mountain to the Golden Summit temple and back takes at least three days. The task is made even more onerous by the nature of the trail, an interminable series of stone stairways carved into the mountainside that rise and fall and rise again in an endless procession of peaks and troughs.

The only respite from the calf ache is a stop at one of the monasteries dotted along the route. They have provided food and lodging to pilgrims for centuries. The facilities are basic — shared toilets and washbasins and no showers — but what they lack in modern comforts they make up for in atmosphere.

To get an early start, we stayed overnight in Baguo Monastery, at the base of the mountain. Built in the 16th century, Baguo is one of the finest remaining monasteries on Emeishan. Its high stone walls surround a patchwork of candlelit temples, smoky courtyards and tidy, fragrant gardens. Our room, fronted by a long wooden veranda, was Spartan but adequate. Its one luxury feature was a 21-inch color television set.

But we were not the only guests that night. Dozens of elderly Chinese women dressed in identical blue padded jackets were also preparing to climb Emei. After a hearty vegetarian dinner had been served in the communal dining room and the huge wooden doors of the monastery had been shut for the night, the pilgrims gathered in the main

temple. Monks clad in yellow and red chanted prayers amidst billowing incense while the pilgrims watched, seated on pillows. The ceremony was meant to celebrate the birthday of Jin de-Yuan — the Goddess of Mercy.

We headed out early the next morning after a breakfast of hot congee, a kind of rice porridge, and steamed buns. The elderly pilgrims soon followed, sporting walking sticks, straw hats and bamboo baskets strapped to their backs. I expected them to descend upon the forest en masse, forming a convoy of blue-clad hikers threading their way up the footpath. Instead they all climbed into the backs of trucks and were whisked away.

We followed a well-marked footpath and were soon climbing through a pine-scented forest shimmering with autumn leaves. An hour after heading out, we came face to face with our first band of Emeishan's infamous monkey bandits.

These fearsome primates, some measuring up to a meter (three feet) in height, prey on pilgrims. Their strategy is to congregate around a particularly vulnerable point — in this case a narrow bridge — and try to bully food out of anyone hoping to pass. The best defense against simian attack is to wield a heavy walking stick — and plenty of attitude.

By early afternoon, a light fog had rolled in, cloaking everything in a fine mist. We reached Hongchun Terrace, 1,120 meters above sea level, just after lunch. The monastery, like most on Emeishan, was a simple wooden structure, its grandeur stripped away during the Cultural Revolution.

In the main courtyard I found a tiny garden of miniature trees and flowering plants and huge piles of winter coal. In the monastery office, two monks sat watching television, which was to become a bizarre, recurring theme, haunting us up and down the mountain. It seemed that even the most isolated monastic outpost was inhabited by at least one monk glued to the tube. From Chinese opera to Judy Garland movies

dubbed into Mandarin, the glimmering screen ruled.

There was something else at odds. For a popular pilgrimage site, Emeishan was surprisingly quiet. Granted it was off-season, but so far we had spotted only one group of Chinese students ascending the mountain. The dozens of elderly pilgrims we had met at Baguo were nowhere to be seen. When we finally did come across some other hikers, they were all going down. Most were immaculately dressed — not a padded jacket or Mao cap in sight — some even in high heels, dresses or business suits.

They were, it appeared, engaging in a bit of Emeishan cheating. In fact, finding easier ways of getting up the mountain is a time-honored tradition. Occasionally we would pass porters with bamboo chairs strapped to their backs, ferrying an elderly pilgrim up a tricky stretch of path. Those with generous girths — and fat wallets — can opt for porter-borne stretchers complete with head and foot rests. Or you can avoid the problem of getting up the mountain altogether, by climbing down it instead.

**A COAL FIRE AND, YES, TV** It was dusk by the time we arrived at Xianfeng Monastery. In the front office, a family sat huddled around a coal fire, watching the essential Emeishan appliance. Unlike the other monasteries, there appeared to be no monks in residence at Xianfeng. There were also few guests, so we joined the chef in the kitchen to see what was for dinner. In huge, coal-fired woks he tossed an aromatic mixture of eggplant and sweet potato, served up on a mound of steaming rice. Ravenous, we wolfed it all down sipping mugs of hot green tea.

By the following morning the skies had cleared, revealing a panorama of tree-covered valleys below. At 1,700 meters, the terrain had changed dramatically from pine and cedar forests to a landscape of jagged peaks, freshwater



The entrance to Xianfeng Monastery, where ravenous pilgrims can get a much-needed respite from the climb.

streams and waterfalls. There are more than 3,000 varieties of plants on Emeishan, from rare dove trees to rhododendrons, including more than 100 species unique to the mountain.

Our final stop was Jieyin Hall, where a cable car would carry us to the summit. Having just suffered two days of calf-wrenching climbing, it was maddening to be surrounded by so many neatly dressed day-trippers. It was as if, having suffered in the pursuit of Emeishan, we alone deserved the reward of the Golden Summit.

The barren peak, dominated by the imposing Gold Summit temple, resembled a wind-swept plateau overlooking a sea of clouds. At 3,077 meters you are well above the cloud line. The principle aim of the Emei climb is to witness sunset or sunrise from the summit. Occasionally, a phenomenon known as Buddha's Aureole occurs and rainbow-colored rings appear over the clouds. In the past this was seen as a portent from the heavens beckoning ecstatic Buddhists to throw themselves off the Cliff of Self-Sacrifice.

But there was none that day, and even if there had been, it is doubtful the handful of tourists taking photos and smoking cigarettes would have responded to the call. Emeishan's summit also has a huge television tower. This, somehow, did not surprise me. We watched the sun set behind a silhouette of tangled wire and antennae. Having climbed Emeishan the hard way, it seemed to make perfect sense.

Katherine Tanko is a journalist who travels frequently in Asia.

## Sand and Stars

In a Brazilian Village, Very Little Gets Between You and the Beach

By Diana Jean Schemo  
New York Times Service

**J**ERICOACOARA, Brazil — To reach this town, you take a highway back through time, rippling further back with each mile of Brazilian coast. From Fortaleza, with its sleek beachfront hotels, the road grows desolate, drought painting the savanna of the northeast dull green and beige. Cars give way to horses and mules, buildings shrink to huts, and spindly goats and cows forage over the brush. As the road goes from asphalt to dirt to just paths in the sand, you would not be surprised to find wagon wheels and animal skulls, the detritus of ancient, failed journeys, strewn by the side of the road.

To reach Jericoacoara, you take a bus, an impossible, eight-hour journey from Fortaleza, stopping at every little hiccup of a town along the highway, or take a four-hour ride in a taxi.

Though people who live here decry the onslaught of tourism, of bugies roaring over the dunes and houses dotting the shore, Jericoacoara remains one of the planet's hidden beach treasures. In Jericoacoara, some 180 miles (about 300 kilometers) northwest of Fortaleza on the northern coast, the trappings of modern life — cars, buildings, phones and fax machines — are scarce. The town is a smattering of about a dozen streets, dotted with single-story shacks, most serving as stores, restaurants or inns. The streets have grown outward from the Atlantic, and the town is surrounded by green hills and vast sand dunes.

Regular electricity arrived only last spring; until then, the town of 1,400 used generators, and handwritten signs in hotel rooms still warn of the dreaded hair dryer, which could short-circuit the whole town. Only two of the dozen or so places to stay take credit cards, and public phones shut down at 10 each night. The streets are all sand: Wherever you are in Jericoacoara, you never really leave the beach.

We arrived in Jericoacoara in early July. It was the feast day of St. Peter, patron saint of fishermen. Starved for the sound of waves, watching for the moon, we found a place to eat dinner by the shore. The cook sat behind the counter watching a telenovella, and — this being the low season — it seemed most items on the menu were not to be had. No bread, either. No juice. No diet soda. It was clear that this is a place tourists bend into, not the other way around.

Eventually she cooked us some fish, rice and beans, and cut up a salad of cabbage. The waiter found a bottle of beer and one of water. Since we were the only customers, he stopped by every 30 seconds or so to make sure everything was all right. There was no coffee and no dessert. We found an ice cream store, but it had already closed.

Overhead, though, the new moon was rising in a sky so clear and bright that even the moon's hidden side could be made out.

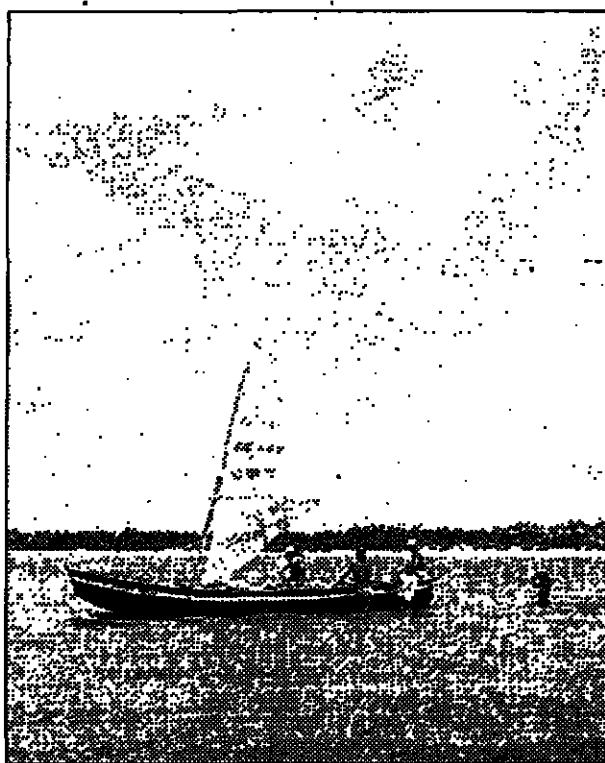
The next day we needed to let the place sink in before plunging into serious sightseeing. We walked along the beach, watching the children scavenging for crabs. We sunbathed and swam in the clear, cool Atlantic. Parasailers glided in smooth arcs from the shore, powered by winds strong as sure, steady arms.

Past the fishermen's boats waiting for the evening tide, we trekked to a shoreline dune. From a distance, the dune had seemed utterly static. A closer look showed the sand cascading down shelves formed along the dune's face, the desert's answer to a waterfall. When we returned the next day, the dune seemed utterly altered, as if somebody had dragged a comb in lazy waves over its surface.

**E**ARLY the next morning, at low tide, we headed for Tanjuba, about 20 miles west of Jericoacoara. The point of Tanjuba is as much the ride there as the lake that goes by that name. There is no road per se; we drove along the shore, mile after mile. A makeshift ferry, really a raft, takes the car across a small inlet, nudged along by two boatmen digging sticks into the sand.

The road passes through the old Tanjuba, abandoned when the dunes advanced and swallowed the houses. Here and there, the corner of a roof is still visible, peeking out through the sand. The new fishing village of Tanjuba consists of a few houses, built around the town's only television. It sits atop a 10-foot pedestal, in a weather-beaten wood cabinet. Each night, the cabinet doors are opened, and everybody turns out to watch the telenovellas.

Coming around the dune to Lake Tanjuba, we stumbled upon a scene out of Fellini. A toothless old lady sat at a bridge table along the shore, eager to ply us with homemade candy



Make time for a sail in an outfitted canoe on the Nova Tanjuba Lagoon, west of Jericoacoara.

bars laden with brown sugar. We also met a boy at the shore who persuaded us to take a sail around the lake on a converted fishing boat for \$1.

In the late afternoon, we headed out to Thunder Rock, about a five-minute drive and a scamper down a steep, sandy hill to the ocean. There we watched the brilliant sun drop down the horizon through an arch in the tall rock. On July 15 each year, residents gather here to watch the sun set, perfectly framed in the middle of the rock.

We wouldn't be here on the 15th, but as we watched the stars emerge for another brilliant night, we understood the secret that made Jericoacoara so hypnotic. It remains a place where technology has not yet dominated nature's rhythms and gifts. There was television, but it did not carry the main show. There was electricity, but not enough to erase the twilight.

To enjoy the night sky at Jericoacoara, pack an astronomy guide for the Southern Hemisphere. A small telescope would be useful. Dune-buggy excursions can be arranged at the Casa do Turismo hotel, and five-hour trips cost \$8 to \$12.50. Boat rides, too, can be arranged with local fishermen for a dollar or two.

**WHERE TO STAY, WHAT TO EAT** Even the best hotels offer rudimentary lodging, and since we encountered credit-card fraud after our visit, it might be wise to pay in cash.

We reserved a room at the Hippopotamus, Rua do Forro, Jericoacoara, Brazil 62598-000, but were offered rooms with a flooded bathroom and wood shavings covered with ants. And it did not take credit cards. Next door, the Jericoacoara Praia, 115 Rua do Forro, accepted Visa and charged half as much as the Hippo. It has 15 rooms, and while the flagstones on the walls and floors seemed slapped down, and the canvas door ceiling looked as if it had never been shaken out or vacuumed, the management was eager to please. Doubles cost \$25 to \$37.50. Call (55-88) 603-1602 for reservations.

On my next trip, I would try the Pousada Papagaio, which had just opened and featured 10 lovely, simple rooms with open-air showers and a beautiful garden of regional trees. Doubles cost \$17 or \$25, depending on season, but credit cards were not accepted and there was no telephone.

A second choice would be the Casa do Turismo, on Rua das Unas, the largest hotel in town. This oceanfront inn has 20 rooms, rents water-sports equipment and takes American Express, Visa and Mastercard. Doubles: \$29 to \$37.50; (55-88) 621-0211.

Pousada do Paulo, Corrego do Urub, Gijoca de Jericoacoara (Ceara), 62598-000, is at nearby Paradise Lake. It has five rustic private bungalows, each sleeping four, with private bath, and with views of the lake. The restaurant is open 24 hours, serving Brazilian and Italian dishes. Off-peak rates run \$50 a night, cash only; call (55-88) 669-1181.

As for restaurants, there are several that don't bother with fly traps, let alone decor or matching plates, but have wonderful food. One is Sabor da Terra, on Rua do Forro. It offers grilled fish, served with rice, beans and french fries for about \$9. No phone. A close second was Sabor e Arte, where you'll have a long, if pleasant, wait. Meals cost \$7.50 to \$15, there is no phone and no reservations.

## Ascolane, Olive Lovers' Treat

By Kate Singleton

**A**NCONA, Italy — So you know your olives. Of course, it's that time of year. You've been going to olive-oil tastings, have held the dense yellow-green liquid up to the light and reveled in its infant murkiness, have long learned why you should want it cold-pressed, you understand the philosophical subtlety of extra-virginity.

Maybe you've even turned the pages of Mort Rosenblum's book ("Olives: The Life and Lore of a Noble Fruit.") But chances are, you've never heard of the olive *tenera ascolane*, deemed by the Roman writer Pliny the Elder to be the finest of them all.

These plump green olives grown on the hill-sides of Ascoli Piceno in the central region of the Marche, on the eastern slopes of the Apennines just inland from Ancona, are traditionally cured in brine and appreciated by gourmets for their crisp, juicy flesh and their delicate flavor.

**TRIUMPH OF THE ASCOLANE** Martial, the Latin poet who moved to Rome from Spain in the year 64, must have sampled olives of various origins. Yet he judged the ascolane to be supreme, describing how they were served as appetizers at the beginning of important Roman banquets and again at the end of the meal to refresh the palate.

The traditional pothesis of the olive *tenera ascolane* is the delicacy known as *ascolane all'ascolana*, a gastronomic triumph in miniature. In Ascoli Piceno the local olives are stuffed with a mixture of cooked and minced beef, pork, chicken, turkey, egg and parmesan, then rolled in bread crumbs and deep fried in olive oil.

The green flesh within the crisp crumbed jacket remains fresh and juicy, and this perfectly offsets the spicy meat concoction inside. All finger-food leaves one wanting more but the ascolane all'ascolana are in a class of their own.

Are, as opposed to were. But only just. So labor-intensive is the true art of stuffing olives that genuine ascolane all'ascolana were threatened by extinction until Nazzareno Migliori set about reviving the tradition.

"My family has been involved in gastronomy for generations," he explained between customers at the enticing wine and gourmet food store that he runs with his wife, Mariella, in Ascoli's Piazza Arringo, opposite the cathedral.

"My great-great-grandfather used to drive a flock of turkeys to Rome on



Nazzareno Migliori with a platter of ascolane all'ascolana, a gastronomic triumph in miniature.

foot at Christmastime. It took 14 days instead of the usual 7, otherwise the birds lost weight. Then my grandfather set up Ascoli's first poultry store. On my grandmother's side they ran an olive mill, so you could say an interest in our traditional fare came naturally to me."

Nazzareno, or Ze, as everyone knows him locally, makes light of what has been a passionate crusade for quality involving a huge investment of time and energy.

Whereas Greek and Spanish table olives are surely and travel well, the olive *tenera ascolane* bruise easily and thus require, more care, even when soaking in brine.

Care adds to cost, and in time many purveyors of stuffed olives went over to more resistant foreign olive varieties. As a result, local farmers began to abandon and cut down the trees whose fruits were no longer in demand.

This trend has now been reversed thanks to a group of activists headed by Ze.

The olive *tenera ascolane del Piceno* is about to acquire a Denomination of Protected Origin, and for the past three years local growers have been guaranteed an advantageous price for their olives well in advance of harvesting them.

Output is thus gradually increasing, and the brand new Migliori factory stepped up production from the 30 quintals of olives processed in 1997 to 200 quintals in the current year: half of them bottled, the others stuffed and now gradually finding their way into select food halls farther afield, both in Italy and beyond.

Mariella Migliori, herself an expert and inventive cook, has even de-

veloped a vegetarian version stuffed with corn and pot herbs, ample proof that tradition and innovation can be fruitfully reconciled. Although freezing has made it possible to dispatch the ascolane all'ascolana to far-flung places, those visiting central Italy are warmly advised to sample them in loco.

Ascoli Piceno is a delightful town that has long eluded tourists because of its relative geographical isolation. It is flanked on either side and behind by mountains, and looks down the rift of the Tronto Valley toward the Adriatic Sea.

Those with a taste for slow, quiet pleasures will enjoy the wooded Apennine landscape that divides Ascoli from Perugia, not least because each little village encountered en route (and many of them still bear the scars of the 1997 earthquake) has its own gastronomic specialty: cured meats, cheese, a particular type of red potato, special lentils.

Ascoli is a city whose Roman origins are clearly visible in the layout of the main streets and in two churches that began life as temples. It is largely built in travertine, that most luminous and welcoming of pale, pitted stones, in this case recently freed of the grime of ages.

Fine examples of Romanesque and Gothic architecture abound, and the skyline is punctuated by innumerable medieval towers, once the bastions of the city's leading families.

There are elegant palazzi dating from the 16th and 17th centuries, a handsome municipal art gallery featuring works by local Renaissance artists, and an opera house built during a spate of theatrical enterprise in Italy during the mid-1800s.

**N**EW parking facilities ingeniously constructed beyond the walls and connected by elevators and walkways to the city center are gradually freeing Ascoli of automobile traffic.

The main pedestrian area revolves around the superb Piazza del Popolo, considered one of the loveliest squares in Italy.

Overlooking this exceptional vista is the historic Caffè Moletti, a fin-de-siècle gem replete with original furnishings, including lights, mirrors and boiserie.

Following protracted closure for restoration, it has just been reopened and is gradually resuming its role as the social heart of Ascoli. Just the place to go for an unburied aperitivo and a small dish of olive *tenera ascolane*.

Kate Singleton is a writer based in Italy.



# THE FREQUENT TRAVELER

## Getting to the Plane on Time

By Roger Collis  
International Herald Tribune

**G**ETTING to or from the airport can be the most stressful part of travel. It's not so much the time it takes, it's the time you must allow.

Some airports are easy: Geneva and Singapore are a short cab ride. Hong Kong, Paris and Brussels have reliable trains. Stockholm, you take the bus; JFK and Newark, you take a cab; some airports, like Jakarta or Lagos, you may need a little help from your friends. But usually there's not much choice. Few cities have more than two or three airports.

London has five — Heathrow, 15 miles (24 kilometers) west of London, which has the dubious distinction of being "the world's busiest airport"; Gatwick, 28 miles to the south; Stansted, 30 miles northeast; Luton, 32 miles northwest; and London City, 6 miles from the City. Which airport you choose can depend on which part of London you are visiting.

A reliable way to get to Gatwick, Stansted and Luton is by train — 35 to 40 minutes from Victoria, Liverpool Street and King's Cross. London City, take a taxi.

Traveling to Heathrow, a metered black cab can cost £40 to £60 (\$65 to \$97) and take an hour or more depending on traffic. A "minicab" or chauffeur service is your best bet. Airport Transfers (0181-691-3400) charges a flat rate of £22 to or from central London.

### THE AIRPORT LINKS

Heathrow has an Underground link (an hour from Piccadilly) that costs £3.50, convenient if you're headed somewhere along the line and an obvious choice for most travelers. But delays, breakdowns and endemic overcrowding have made it the subway from hell.

A cautionary tale: A post-prandial rush from Covent Garden in central London to Heathrow. A slow line at the ticket counter and no change for the self-

service machines. A friend helps me out with a "Zone 1" ticket to get me through the gate and to the train. Pay the difference (about £2.20) at the other end you would think.

Nor so. At Heathrow, I was fined £10 for not having "a valid ticket for the entire journey." The same fate awaits any traveler in this system who strays across one of the six fare zones without paying the correct fare. Buy the wrong ticket or change your mind on the way by getting out at Victoria instead of King's Cross, and you'll be fined £10.

What I should have done was get off the train at the point at which my ticket became invalid, bought a new one and boarded a later train. Unlike the Paris Metro, for instance, a fast, efficient service, where a ticket costs the same no matter how far you travel, London Underground is one of the world's most expensive public transport systems, with the cheapest single ticket costing £1.30 — soon to be increased. The aging transit system suffers from decades of underfunding and neglect. Trains are overcrowded and delays, breakdowns and fires are common.

One-day Travelcards (priced according to how many zones you need to cross) are the cheapest way of getting around. But you will need to buy a "ticket extension" when traveling to other zones or connecting from a main line station. Or else you'll be hit with a £10 fine.

London Underground has an information number 0171-222-1234. Customer Service is 0171-918-4219.

A better way to go between Heathrow and central London is the BAA Heathrow Express, which opened last June. The 100-mile-an-hour train runs every 15 minutes and takes 15 minutes between Paddington and Heathrow Central Station. The one-way fare is £10 (first class is £20, about half the cost of a cab). Touch-screen ticket machines take seven currencies. You can also buy your ticket on the train.

The trains have airline-style seating and service with BBC news on TV and plenty of luggage space, and you can infuriate your neighbors with your mo-

bile throughout the ride, including the tunnel section.

American Airlines, British Airways and British Midland provide check-in services with hand-luggage at Paddington. But beginning in June, you'll be able to check in all baggage at 27 airline desks. Arriving at Paddington, you have three options: plunge into the Underground, take Hotel Express, a new bus service that runs every 15 minutes between Paddington and eight West End hotels (fare £2), or find a taxi.

Heathrow Express has started a novel taxi-share during peak hours. If the normal taxi line gets too long, two official "taxi marshals" will ask for people willing to share, who are then matched with someone going in the same direction. A flat rate includes tip, and you'll generally pay less than you would on your own.

**T**HE most civilized way to get to or from Heathrow or Gatwick is a free limo transfer that some airlines, including Air New Zealand, All Nippon Airways, Cathay Pacific, Continental, Emirates, Northwest, Royal Brunei and Virgin Atlantic, offer first- and business-class passengers — typically within a 30- to 50-mile radius of the airport.

Travelers in Upper Class (business class) with Virgin Atlantic can opt for the limo-bike instead of a limo.

The limo-bike (a Honda ST100 Pan European) can carry a full-size suitcase. You get thermal overclothes — padded jacket, gloves, waterproof trousers if it's raining — and helmet, and an apron is available for women wearing skirts. The helmet has a microphone and headphones so you can tell the driver to slow down and make and receive mobile phone calls.

TaxiBike (0171-387-5858) can whiz you to Heathrow in 30 minutes or to London City in 15 to 20 minutes for a flat rate of £39.50 and £17.35, respectively. Bikes should arrive within 20 minutes of your call.

Roger Collis can be reached by fax at (33-4) 93-74-77-92.

# MOVIE GUIDE

## STEPMOM

Directed by Chris Columbus. U.S.

In "Stepmom," Julia Roberts plays the nicest person ever to wear black at a downtown photo shoot. She's a talented photographer so nice that she seems more interested in her boyfriend's children than in the man himself (Ed Harris). She's definitely too nice to have broken up his marriage to the suburban mama lion played by Susan Sarandon, in a story with enough suds to take care of your 1999 laundry needs. What could be worse for this woman than learning she has terminal cancer? You know what: getting used to the prospect of Julia Roberts taking her place. You can expect to loathe all this for good reasons, from the platitudes coughed up by five screenwriters to the same sunny unreality Chris Columbus brought to "Home Alone." There's also the past year's favorite Hollywood preoccupation, the death thing, which is handled quite differently from the way it was in the other dying mother story, "One True Thing." In that film, death was a domestic tragedy; here it's more of a learning experience. Sarandon's Jackie is together enough to bop with the children to a Motown song just after they've heard the really bad news. Still, "Stepmom" has a couple of secret weapons. These two actresses team up so well that their relationship soon upstages anything having to do with the film. The chemistry between Roberts' Isabel and Harris' Luke is negligible enough to make rumors that they have been showering together sound exaggerated. (Janet Maslin, NYT)



Julia Roberts, left, and Susan Sarandon in "Stepmom."

## CELEBRITY

Directed by Woody Allen. U.S.

At the beginning of "Celebrity" skywriting appears above an emerald city. "Surrender Dorothy"? No, it reads "Help." But it's really saying: "Surrender America." Woody Allen's new film has a few shortcomings but it's a heartfelt cry from what may be the last serious man left in America as he contemplates what his native land has become. New York is no longer Oz run by a

great and powerful wizard. It has been taken over by the wicked witches of vanity and ego, of narcissism and appetite. And all the Munchkins want to be wicked witches, too — or at least have their own shows. "Celebrity" is, in fact, a movie full of wicked witches, so political correctness demands that its misogyny be noted. What did they ever do to Allen that they deserve such treatment as this? Almost to a woman, they are portrayed as grasping, shallow, treacherous and silly. The one exception pays for her goodness and trust by undergoing a crushing betrayal, played for laughs when an audience of moving men shows up to witness it. But is it misogyny or misanthropy? For the men of "Celebrity" are just as slimy, creepy, greedy, weaselly and pathetic. Our entry into this landscape of rotting souls is the unhappy Simon couple, in the process of becoming uncoupled as the movie gets under way. Lee Simon (Kenneth Branagh) is a bottom-feeder in New York's media pond, a failed novelist fallen to writing puff pieces for travel and celeb mags while slyly trying to sell his screenplay to his interview subjects. His wife, Robin (Judy Davis), is an utterly repressed and sex-fearing Catholic English professor who cannot understand why her husband, after attending a 25th high school reunion, left her. But in a funny way, the center of the movie isn't what's important; far more amusing is the action on the fringes, where the media have scoured so deep they've made celeb-speak the rhetoric of the common man, and the fantastical has become the commonplace. (Stephen Hunter, WP)

# ARTS GUIDE

## BRITAIN

**LONDON**  
National Gallery, tel: (171) 747-2885, open daily. Continuing/To Jan. 31: "Lucia Signorelli in British Collections." A collection of works by Signorelli (1441-1523), a pupil of Piero della Francesca.  
www.nationalgallery.org.uk

## DENMARK

**COPENHAGEN**  
Nationalmuseum, tel: 33-13-44-11, closed Mondays. Continuing/To April 5: "Gods and Heroes of the Bronze Age: Europe at the Time of the Vikings." More than 200 exhibits collected from European sites that have preserved traces of the Bronze Age.  
www.naimus.dk

## FRANCE

**PARIS**  
Musée d'Art Moderne de la Ville de Paris, tel: 01-53-67-40-00, closed Mondays. To April 18: "Mark Rothko." A chronological presentation of the American artist's oeuvre: figurative paintings of the 1930s, Surrealist-influenced works of the '40s, large colorful canvases and the somber paintings created before Rothko died in 1970.  
www.offcampus.es/musee.thyssen-bornemisza

## GERMANY

**MUNICH**  
Haus der Kunst, tel: (89) 21-127-

157, open daily. Continuing/To Feb. 7: "Die Nacht." Depiction of nocturnes in Western painting from the 15th to the 20th century. Features works by Cranach, La Tour, Rembrandt, Blake and Magritte, among others.

## IRELAND

**DUBLIN**  
National Gallery of Ireland, tel: (1) 661-5133, open daily. To Jan. 31: "Turner Watercolours." A yearly exhibition of 35 watercolours that, as stipulated by their donor, must be exhibited in January when the light is at its lowest.

## JAPAN

**OSAKA**  
Museum of Oriental Ceramics, tel: (6) 6823-0055, closed Mondays. Continuing/To Feb. 21: "Masterpieces of Chinese Ceramics from the Percival David Collection in London." Approximately 80 pieces of ceramics from the collection of the London Foundation.

**TOKYO**  
National Museum of Western Art, tel: (3) 3828-5131, closed Mondays. To March 7: "Goya: Unique and an Artist of His Time." Features approximately 300 works by Goya and his contemporaries.  
www.nmwa.go.jp

## LUXEMBOURG

**MUSEE NATIONAL D'HISTOIRE ET**

d'Art, tel: 47-93-301, closed Mondays. To Feb. 21: "L'Ecole de Paris 1945-1964." The exhibition focuses on postwar Paris as a dynamic international art center where French and foreign artists, such as Aichinsky, Arp, Bathus, Calder, Dubuffet, Giacometti, Hartung, Leger, Picasso and Zao Wou-Ki, converged.

## NETHERLANDS

**AMSTERDAM**  
De Nieuwe Kerk, tel: (20) 638-9909, open daily. Continuing/To March 8: "The Splendor of Spain, 1580-1640: From Cervantes to Velasquez." 300 items from Spanish museums illustrate art and culture in Spain's Golden Century as well as the influence of the Catholic church. Also features paintings by El Greco and Zurbarán.

## SPAIN

**MADRID**  
Museo Thyssen-Bornemisza, tel: (91) 420-3944, closed Mondays. To May 2: "Picasso: Bullfight, 1934." Brought together with the oil painting "Bullfight," 15 etchings and drawings document Picasso's interest in bulls and fighting.  
www.offcampus.es/museo.thyssen-bornemisza

## UNITED STATES

**NEW YORK**  
Solomon R. Guggenheim Museum, tel: (212) 423-3500, closed

Thursdays. Continuing/To Jan. 24: "Masterpieces From the Centre Georges Pompidou and Guggenheim Museums." A comparison of American and European approaches to collecting.  
www.guggenheim.org

## EUROPEAN TOUR

San Francisco Symphony, Jan. 20 to Feb. 8: Music director Michael Tilson Thomas and the orchestra launch the tour in Dublin and travel to Britain, Spain, France and Austria, among others. Gil Shaham, violin and Dawn Upshaw, soprano, are the soloists.  
www.sfsymphony.org

## CLOSING SOON

**AMERICA**  
Jan. 17: "Jade: Ch'ing Dynasty Treasures." National Geographic Headquarters, Washington. Jan. 18: "Bernini's Rome." National Gallery of Art, Washington.

**ASIA**  
Jan. 17: "The Promise of Photography: The DG Bank Collection." Hara Museum of Contemporary Art, Tokyo.

**EUROPE**  
Jan. 17: "John Singer Sargent." Tate Gallery, London. Jan. 20: "L'Ecole de Londres." Fondation Dina Vierny-Musee Maillol, Paris.

Compiled by Elisabeth Hopkins

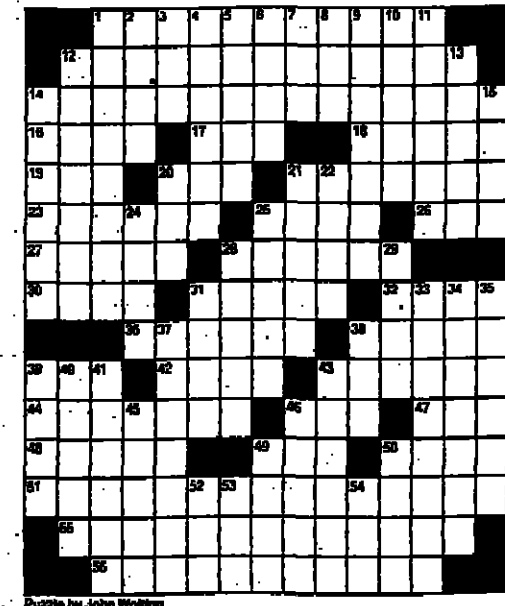
# GOOD TRAVEL DEALS

<b>AIR CANADA</b>	Paris to Toronto/Montreal	Round-trip for 2,820 francs (\$495). On sale until day of travel. For travel until Feb. 11.
<b>AIR FRANCE</b>	Europe	Promotional "euro" fares from Germany, Italy, the Netherlands and Portugal. Examples of round-trips: Amsterdam to Paris, 99 euros (\$113); Brussels to 15 countries, 195 euros; Milan or Turin to all European destinations, 189 euros. Tickets on sale until Jan. 24-30 for travel until March 15-27, depending on country.
<b>AIR NEW ZEALAND</b>	Hong Kong to New Zealand	Round-trip between Hong Kong and Auckland for 6,220 Hong Kong dollars (\$800). Wellington, 6,570 dollars; Christchurch, 6,920. Air Points members earn 1,000 points for each return trip. For departures before March 31. Minimum stay of 5 days and maximum stay of 14 days. Not valid over Chinese New Year (Feb. 9 to Feb. 25). (852) 2524-9041.
<b>BRITISH AIRWAYS</b>	Worldwide	"World Offer" fares to 130 destinations. Examples: round-trips from London to Amsterdam for £79 (\$128); New York, £199; Hong Kong, £429; Beijing, £399. Restrictions apply. Tickets on sale until Jan. 27. (44-345) 222-111.
<b>LUFTHANSA</b>	France to Worldwide	"Prix Legends" promotion from Paris, Bordeaux, Lyon, Mulhouse, Marseille, Nice, Strasbourg or Toulouse offers bargain round-trip fares to 50 worldwide destinations. Examples: Berlin, 1,190 francs (\$208); New York, 1,990 francs; Miami, 2,730 francs; Rio de Janeiro, 3,070 francs; Dubai, 1,765 francs; Shanghai, 3,130 francs; Singapore, 3,185 francs. Conditions apply. Tickets must be paid for by Jan. 30 and travel must be completed by May 31 for long-haul flights and March 22 for flights within Europe. Toll free: 0802-020-030 In France or www.lufthansa.fr
<b>VIRGIN ATLANTIC</b>	Britain to United States	Freeway members earn triple miles in business class on flights from London to Los Angeles, Washington, Newark and JFK-New York during January and February.
<b>CHESTERFIELD</b>	London	Two nights for two people for £250 (\$570) includes VAT, English breakfast and a £25 voucher for Harrod's, Fortnum & Mason or Selfridges. Until March 29. (44-171) 491-2622.
<b>GRAND HYATT</b>	Amman, Jordan	Introductory rate of 68 Jordanian dinars (\$95) single and 78 dinars double for standard room. Does not include 20 percent tax and service. Until Feb. 28.
<b>EQUATORIAL</b>	Shanghai	"Adventure Package" for 488 yuan (\$59) with tax and service includes buffet breakfast for two; airport transfers; shuttle to city sights; late check-out. From Feb. 12 through Feb. 22. (86-21) 8248-1688.
<b>LE MERIDIEN</b>	Worldwide	Saves up to 50 percent off published rates for a minimum stay of two nights. Until March 31.
<b>HOTEL SON NET</b>	Mallorca, Spain	"Romantic Winter Package" for 35,000 pesetas (\$240), plus 7 percent VAT, a night for two people in a "deluxe" room includes breakfast and a gourmet dinner. Package normally costs 55,000 pesetas. Until March 15. (34-971) 147-000.

Compiled by Roger Collis/Although the IHT carefully checks these offers, please be forewarned that some travel agents may be unaware of them, or unable to book them.

# CROSSWORD

- ACROSS**
- Chopin's style
  - Sas for bites
  - Stoop dreaming
  - Parts of royal regalia
  - A mail carrier has one: Abbr.
  - Copy
  - Horns of "Thirty-something"
  - One carrying a back pack
  - Fox sci-fi series
  - Brother-to-be
  - 1958 crisis site
  - Course abbr.
  - Hitchhockian
  - Parts of hearts
  - Job for a speech coach
  - Christmas decoration
  - Salt mines
  - Boxman of hockey
  - Russian retreat
  - Pandemon of Dr. Octopus films
  - Follow
  - Tribulation
  - Much-admired First Lady
  - Burn source, sometimes
  - 1958 crisis site
  - Course abbr.
  - Ranges
  - Woody Herman's "Autumn"
  - Prove durable
  - Precedence pronouncement
  - Salt mines
  - Boxman of hockey
  - Stiff examinations?
  - Kind of poem
  - Investment consideration: Abbr.
  - Business big
  - Catalogue
  - Far from flighty
  - Half-humans of folklore
  - Siren
  - Finger-wagging
  - Drive
  - It can go to blazes
  - Get on
  - Diagnose
  - Duty
  - Falls off
  - Full of four-letter words
  - Ticket examiner
  - They have springs
  - Birdie bearer
  - Sustaining dangers
  - Lacking fullness, as the voice
  - "Strong Poison" author
  - Attaches
  - Groove on
  - Toy ball brand
  - Floot
  - Join hands (with)
  - "You — I" (No!)
  - Shell alternative
  - Speaker's platform
  - Elephant's ear
  - It may be on a hook
  - Fixed
  - Take a powder
  - Like a Burslem mouse



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## BREAKFAST ON PLUTO

By Patrick McCabe. 202 pages. \$22. Harper Flamingo. Reviewed by Michiko Kakutani

**P**ATRICK MCCABE'S new novel, "Breakfast on Pluto," short-listed this year for Britain's Booker Prize, reads like a hasty amalgam of his best-selling 1993 novel, "The Butcher Boy," and the 1992 movie "The Crying Game" — a movie directed by Neil Jordan, the same artist, it so happens, who adapted "The Butcher Boy" for the screen. As in "The Crying Game," we're treated to the rather unusual premise of a beautiful transvestite looking for love against the backdrop of terrorism of the Irish Republican Army. As in "The

Butcher Boy," we're given a sympathetic portrait of a perpetual outsider — a lost, lonely small-town boy who in this case feels as though he is looking at the rest of the world from millions of miles away, from such a distance that he might as well be having "breakfast on Pluto." In fact, if you put Patrick (Pussy) Braden's penchant for cross-dressing aside, he might easily be mistaken for a more innocent, hopeful version of the Butcher Boy, Francis Brady. Both have lost their parents: Pussy, the illegitimate son of a priest and a young woman, was left in a Rinsop soap box by his mother; Francis's mother threw herself in a lake and his father died of despair and drink. Both are desperate to reclaim a sense of family. Both feel estranged from the small-town folks around them. And

both lose themselves in fantasies constructed out of odd pop culture shards: Pussy vamps to Dusty Springfield and old Supremes tunes while Francis lives in a dream world defined by comic books and television shows. Although both young men are portrayed with enormous sympathy, Pussy's story isn't nearly as gripping as startling or as persuasive as Francis's. This isn't simply because "Pluto" lacks the bloody shock revelations of "The Butcher Boy"; it's because this novel often feels as though the talented McCabe were simply going through the motions. Whereas Francis spoke to us in a mesmerizing voice — at once cheeky, nervous and poetic — Pussy's reminiscences sound strangely stilted: full of flat-footed and repetitious observations, garnished with lots of backward-running sentences and a few campy "dahlings" and "fabs" thrown in for atmospherics.

## BRIDGE

By Alan Truscott

**O**NE of the last tournament deals played in New York in 1998 should have been one of the luckiest. In the Regional Swiss Teams, played at the Crowne Plaza Hotel in Manhattan on Dec. 29, North-South arrived in six diamonds, a contract that hinges on the division of the red suits. The contract is decidedly poor, but North can hardly be blamed for attempting the slam after his partner had responded four diamonds to a double of a three-spade opening.

After winning the opening spade lead, South played the top trumps from the dummy. The appearance of a doubleton queen was his first stroke of luck, but he still had to deal with hearts, and the odds were heavily against him. He played clubs, ruffing the third round in his hand.

He then led a heart to the queen, collecting the 10 from West. If East had taken the ace, there would have been no way to fail. But Mark Feldman shrewdly held up his ace, giving the declarer something to think about.

South should have realized that West would hardly have opened pre-emptively with a

strong suit and an ace and a queen on the side. The best chance was certainly to play the heart king, but the declarer went wrong by leading low from dummy. Perhaps he relied, unwisely, on the restricted choice principle: With jack-10 doubleton, West might have played the jack.

In the replay North-South rested accurately in five diamonds and were displeased to find that the wildly fortunate distribution permitted them to make 12 tricks. They were less displeased when they discovered that their team had gained 10 imps.

**NORTH**  
♠ A K Q 4 3  
♥ 7 10  
♦ A K J 10 9  
♣ A K 9

**WEST (D)**  
♠ K Q J 10 8 5  
♥ 7 10  
♦ Q 2  
♣ 8 5

**EAST**  
♠ A 7 5 2  
♥ A 7 5 2  
♦ K Q J 10 8 7 6 4 3  
♣ 8

**SOUTH**  
♠ 8 4 3 2  
♥ 9 8 6  
♦ 8 7 5 3  
♣ J 2

The bidding:  
West North East South  
2 ♠ 2 NT 3 ♠ 4 ♠  
Pass 6 ♠ Pass 6 ♠  
Pass 6 ♠ Pass 6 ♠

East and West were vulnerable.

As for the plot, it's both predictable and contrived. The pages we are reading, we quickly learn, are Pussy's memoirs, written down at the behest of his beloved psychiatrist. Pussy tells us about growing up during the 1960s in the small town of Tyrellin. He tells of dressing up in his stepmother's clothes, hanging out with his friends Charlie and Irwin, and becoming the lover of a local politician.

After that politician is murdered — some say by the IRA, some say by the Ulster Defense Association — Pussy takes off for London. There he starts working as a prostitute near Piccadilly Circus, and shopping at Biba's for glam-rock frocks. He takes a series of lovers, some violent and frightening, others, doting and possessive. He even carries on a relationship with his landlady, who treats him as her long lost son.

Although Pussy is too busy thinking about his lost family and things like his "lovely ice-cream pink mohair sweater and gorgeous black pleated miniskirt" to concern himself with politics, the "Troubles" keep intruding upon his life. His childhood friend Irwin, who has become an IRA operative, is arrested, and later murdered by his comrades for informing. His friend Charlie

nearly goes mad with grief over Irwin's death. And Pussy himself is arrested as a suspect in a London bombing. As the pressures mount on Pussy, his fantasy life accelerates. He imagines a happy family life with his father and mother. He conceals obscene seduction scenarios starring his parents. He contemplates wearing a bias-cut pink satin crepe evening gown to carry out a bombing. And he fantasizes about becoming "The Lurex Avenger," revisiting his hometown to settle scores.

There is nothing terribly compelling or believable about these fantasies. Unlike Francis the Butcher Boy's daydreams, which conveyed his desperate need to escape and remake the world around him, Pussy's imaginings feel like the synthetic extrapolations of a novelist trying in vain to give his hero a palpable inner life.

MCCABE's attempts to open up Pussy's story into a parable about the Irish troubles (and the inevitable intrusion of public events into private lives) also feel forced. This time, the confluence of Pussy's dysfunctional personal life and the dysfunctional life of his country produces neither genuine tragedy nor genuine black humor; it simply adds a pretentious gloss to what is ultimately a disappointing novel.

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## INTERNATIONAL

# Not Making Waves in Venice: American's Boat Aims to Calm Troubled Waters

By Alessandra Stanley  
New York Times Service

VENICE — A small, sleek 22-foot powerboat has taken a maiden voyage through the choppy waters of the Grand Canal and barely left a wake. The boat, called Mangia Onda (Wave Eater), is an American invention that could alter the sinking status quo of Venice — a boat designed to reduce the size of waves that are badly eroding the foundations along Venice's ancient canals.

In an imperiled city that is almost as famous for civic indecision as it is for its shimmering beauty, innovations are not always welcome. In Venice, the question is rarely, Will it work? Rather, Venetians wonder whether their city's tangled skein of vested interests, political infighting and public skepticism will let anything happen.

After more than a decade of scrutiny and debate, Venice last month suspended the colossal \$2.6 billion Moses project, a flexible seawall with a series of flap gates that would stretch along the lagoon and block tides from flooding the city.

Saving Venice was put off to another day.

Meanwhile, the city's public transport officials and the U.S. design team have convinced themselves that in the Mangia Onda they have found a far more modest way to at least curtail some of the damage caused by churning waters.

All they have to do now is convince everyone else.

"Sounds like another hole in the water," grumbled Pietro, a water taxi driver who declined to give his last name but did not hesitate to show his scorn for newfangled notions. "The only way to keep a motorboat from making waves is to keep it tied to the dock."

The Mangia Onda is the brainchild of Charles Robinson, 79, a wealthy former iron ore magnate and deputy secretary of state under Henry Kissinger, who counts boat design and Venice, where he owns a palazzo, among his avocations.

The wave-eating idea sprang up inadvertently in 1988, when Mr. Robinson was helping the St. Francis Yacht Club of San Francisco increase its sailboat's speed in qualifying for the America's Cup. That design proved unwieldy for racing.

But Mr. Robinson discovered that by funneling the bow wave through catamaran-like wings attached to both sides of a central hull, one could reduce the boat's waves. The hull design also increased the boat's efficiency, allowing faster speed — and less pollution and noise — with smaller engines.

Mr. Robinson, intent on using some of the technology to build a faster racing boat of his own design, the Red Hornet, put aside the wave-eating proposal until a year ago.

"I kept thinking about the problem of waves on the Venice canals and how they damage the foundations," he said. "Then we got to work."

With the help of William Burras, a naval architect, and William Engle, a marine designer, he designed a prototype for Venice and offered it to the city's transport authority.

"We get someone in our offices everyday who claims to have a miracle solution to our problems," said Alessandro Cassone, projects director of the Venice Transport Authority. "It's not that Chuck's idea was so revolutionary, it's that it was worked out practically and flexibly. We intuited instantly that this was the real thing."

It also didn't hurt that Mr. Robinson spent about \$1 million of his own money on the design. He also donated his prototype to the Save Venice Foundation, a charity based in the United States, which will lend it to the transport authority for 90 days.

The current model is the size of 10-passenger water taxis, which in Venice are run by private individuals or cooperatives. The Venice Transport Authority is mainly interested in replacing its fleet of *vaporetti*, the 150-person passenger boats that cruise the canals like buses.

Venice asked Mr. Robinson to design a 73-foot (22-meter) Mangia Onda that could hold up to 150 passengers. He will own a design license, but to ease acceptance locally, Venetians will construct the boats.

Even so, the Mangia Onda is making big waves of another sort.

Venice has laws to protect traditional craftsmanship and local industry. The president of the transport authority, Renzo Brunetti, looked pleased as he rode in the fiberglass Mangia Onda on Wednesday, but fretted that local builders would complain. "Maybe we can add

some wood to the Mangia Onda," he said. One of Mr. Brunetti's transport authority colleagues rolled his eyes and shrugged. "In Venice, everything is political," he said.

Certainly the mayor, Massimo Cacciari, seemed worn down by certain city traditions. "This Mangia Onda is what we need, but to really save this city, we have to force boatmen to obey the speed limits, we have to reduce the number of boats and we cannot go on having seven different government agencies responsible for controlling the lagoon — it's an infernal mess."

He sighed. "It's a lot easier to design a new boat than it is to change people's mentality."

The Mangia Onda could garner the political support of Venice's 405 gondoliers, who have long been at war with the private speedboats, water taxis and *vaporetti* that are damaging the canals — and the gondola business.

But even they voice doubts. "Of course we'd be happy if the boat really does eat waves," said Mauro Trevenzoli, vice president of the association of gondoliers. "But first let's make sure it's not some design to eat money."

## U.S. Suggests Ending Cap On Iraq Oil-for-Aid Deal

The Associated Press

WASHINGTON — The United States proposed removing a United Nations ceiling on Iraqi oil sales Thursday, provided the proceeds are used to purchase food and other humanitarian supplies for the Iraqi people.

The State Department spokesman, James Rubin, also said that the process for approving food and pharmaceutical contracts would be streamlined and made virtually automatic.

The anticipated U.S. actions are designed partly to counter a campaign by Baghdad of accusing the United States of starving the Iraqi people through its support of economic sanctions.

Iraq is already permitted to sell \$5.2 billion worth of oil every six months provided the proceeds are used to purchase food, medicine and other humanitarian supplies. If the U.S. proposal were accepted by the Security Council, that ceiling would be lifted.

But that would not necessarily ensure a better life for Iraqis. According to U.S. officials, Iraq has kept large supplies of food and medicine in storehouses, re-

fusing to distribute them to the needy.

"Unfortunately and sadly for the people of Iraq, the government of Iraq has chosen not to order important foodstuffs and medicines for its people," Mr. Rubin said. "Furthermore, the government of Iraq has rejected donations of humanitarian goods from other countries."

Mr. Rubin emphasized that the U.S. proposal was not equal to a lifting of sanctions on Iraq. "It is an expansion of the humanitarian program known as the oil-for-food program," he said. "All present controls on the collection and disbursement of revenues generated by the sale of oil would remain in place."

On the diplomatic front, using a French proposal as a springboard, the White House is searching with U.S. allies for a way to get weapons inspectors back to Iraq to spur disarmament.

A French proposal unveiled Wednesday at the United Nations would eliminate the UN restriction on oil sales in exchange for a new monitoring system that would focus on deterring Iraq from acquiring weapons of mass destruction rather than accounting for what it may have hidden.

Mr. Rubin said Wednesday that the French approach had some "positive elements." But, reflecting U.S. policy, he said Iraq should not be liberated from sanctions until it rids itself of all weapons of mass destruction.

Later, Vice President Al Gore, in a speech in New York City, said the United States "is willing to look at ways to improve the effectiveness of the humanitarian programs in Iraq, including lifting current ceilings on funds which can be used to purchase food and medicine."

Privately, State Department officials stressed that the United States was prepared to attack Iraq again if it continues to defy Security Council resolutions that call for disarmament or if it persists in interfering with U.S. flights in no-flight zones over Iraq.

There were two more incidents in no-fly zone over northern Iraq early Thursday. In both cases, Iraqi defenses posed a threat to U.S. and British planes patrolling the zone, the U.S. European Command in Stuttgart said. In one incident, an Air Force F-16 fighter fired a missile at an Iraqi anti-aircraft artillery and missile system. In the other, an F-15 launched a missile at another surface-to-air missile site. In both cases, U.S. officials said, the American planes returned safely to base. There was no immediate report of damage to the targets.

Revolutionary United Front rebels, beating a retreat eastward after capturing more than half the capital when they surged through the Ecomog defenses on Jan. 6, offered the possibility of at least a lull in the fighting. The Nigerian-led intervention forces are known as Ecomog.

The rebel commander, Sam Bockarie, said by phone Thursday that the Revolutionary United Front would start an unconditional seven-day cease-fire from 1800 GMT on Monday.

Speaking from Abidjan, he said, "After that one week, if Sankoh is not released, we are going to resume our offensive," he said, referring to the rebel leader, Foday Sankoh.

Negotiations for a formal cease-fire were being led by the United Nations and West African governments. Mediators awaited President Ahmad Tejan Kabbah's reply to the rebels' key demand — Mr. Sankoh's release.

"We're still waiting for Kabbah's response," a UN official said.

Mr. Sankoh's whereabouts were a mystery, and the pressure on Mr. Kabbah and Ecomog to agree a cease-fire with the rebels may have lessened as the military tide turned.

With 15,000 men from Nigeria, Ghana and Guinea already serving with Ecomog in Sierra Leone, a senior Ecomog source in Freetown said on Thursday that more reinforcements were expected.

The West African force says it has now regained control of all parts of the city and it was clear the Nigerian-led force had full command of the center on Thursday.

## Harare Court Orders Army to Release Editor

Reuters

HARARE, Zimbabwe — The high court on Thursday ordered the release of a local newspaper editor who was detained by the army over a report that a group of soldiers tried to overthrow President Robert Mugabe last month.

The military police arrested Mark Chavunduka, editor of the independent Standard, on Tuesday over a report that 23 soldiers, had been arrested for an attempted coup in December.

The newspaper's managing director, Clive Wilson, said the military had not complied by late afternoon. He quoted the Defense Ministry's permanent secretary, Job Whabira, on whom the order was served, as saying, "The judge cannot direct us. We will move at our own pace. We are investigating him at the moment. Anyone who meddles with military matters is subject to military law."

## Hope for AIDS Vaccine Becomes a Bit Brighter

Reuters

WASHINGTON — Scientists who managed to freeze the AIDS virus in the act of infecting a cell said Thursday that their experiment could lead to a vaccine that would work against the virus.

They said tests in mice showed that the immune system responded to the frozen version, raising hopes that a broadly useful vaccine is possible.

Jack Nunberg and colleagues at the Montana Biotechnology Center at the University of Montana said they had unfolded a protein the virus uses to infect cells, exposing hidden parts.

Writing in the journal Science, they said the immune systems of the mice they tested reacted to these once-protected parts of the protein. More than 40 vaccines aimed at preventing HIV infection are being tested in human volunteers. Many others have failed — most aimed at the proteins on the surface of the virus.

Many researchers have tried using the surface, or envelope, proteins, notably gp120 and gp41. So far, this approach has also failed, in part because there are many different subtypes of HIV and their envelope proteins differ enough to make a vaccine against one useless against another.



A Yugoslav Army tank and an anti-aircraft machine gun guarding the Pristina-Podujevo road on Thursday.

## Kosovo Monitors Urge Army Pullback

Reuters

PRISTINA, Yugoslavia — International monitors urged the Yugoslav Army to withdraw from northern Kosovo on Thursday after ethnic Albanian guerrillas released eight captured soldiers.

"Certainly we'd very much like to see a stand-down in that area, both in Podujevo, where there's been a stand-off for a long time, and in Mitrovica," said Jorgen Grunnet, a spokesman for the monitoring mission of the Organization for Security and Cooperation in Europe.

Hours after the soldiers' release slightly eased tension in the southern Serbian province, it soared again on a report that a police vehicle had hit an anti-tank mine.

One policeman was badly wounded and three men were slightly hurt on a road near Decani, the Serbian-run Media Center said.

The eight captives were freed Wednesday after five hours of negotiations between Kosovo Liberation Army guerrillas and international officials.

The army deployed troops, tanks and heavy guns around Podujevo and Kosovo Mitrovica, two towns in northern Kosovo on either side of the remote, hilly area where the soldiers were held near villages that were wrecked by fighting last year.

Yugoslav generals had threatened to move in troops to free the captives by force if the international community failed to secure their unconditional release. The rebels had demanded that nine of their comrades be freed in exchange.

William Walker, head of the Kosovo Verification Mission, said that the soldiers, captured on Friday, had been freed as part of a "fair and balanced agreement." He declined to give details and a Yugoslav Army officer said the release had been unconditional.

But a senior Western official said that Belgrade was expected to release the nine guerrillas in about 10 days. It was not clear if a withdrawal was also part of the deal.

"It would be a very positive step toward easing tensions if we saw a withdrawal of those forces," Mr. Grunnet said. "We'd like to see them going to more permanent bases."

Reporters who toured the area Wednesday morning said that tanks were still lined up along the main road from the Kosovo capital, Pristina.

Mr. Grunnet said the province had been calm overnight, when many Serbs celebrated Orthodox New Year by shooting in the air.

Many workers in China pay \$2,000 to

## Apparel Workers' Suits Seek \$1 Billion

By Steven Greenhouse  
New York Times Service

NEW YORK — Apparel workers and human rights groups have filed the biggest legal challenge ever against sweatshops on American soil, accusing Tommy Hilfiger, Sears, Wal-Mart and other prominent companies of conspiring to place thousands of workers in involuntary servitude and otherwise mistreat them to hold down production costs.

The class-action litigation asserts that 18 well-known American retailers and apparel companies engaged in a racketeering conspiracy with factory owners in the Northern Mariana Islands, a U.S. commonwealth near the Philippines, to deprive the 15,000 apparel workers there of basic rights.

The action, which is actually three related lawsuits, seeks more than \$1 billion in damages and is based on work by private investigators, testimony from ap-

parel workers and reports from the U.S. Departments of Labor and Interior, which have enforcement powers in the islands.

It is the most sweeping lawsuit ever against sweatshops, seeking the largest amount of money and involving a potential class of 50,000 workers and former workers and an unusually large number of defendants. Together, the lawsuits describe a grim picture in the Marianas, claiming that the workers, predominantly young women from China, the Philippines, Bangladesh and Thailand, often must work 12 hours a day, seven days a week — and sometimes without pay if they fall behind on their quotas.

These workers, the lawsuits assert, often live seven to a room in dreary barracks that are surrounded by inward-facing barbed wire. The lawsuits state that some companies, eager to make sure that workers remain productive, have forced pregnant workers to have abortions.

Many workers in China pay \$2,000 to

ideal conditions in the Marianas, the suit contends, but when they arrive they find factories where foremen often limit the number of bathroom breaks and exits are sometimes locked, creating dangers in case of fire. Frequently, workers who complain are dismissed or deported.

The apparel industry in Saipan, the largest island in the Marianas, has boomed as Chinese entrepreneurs built factories to benefit not just from the right to ship goods to the United States without duties, but also from cheap labor. The minimum wage in the Marianas is \$2.10 less than the federal minimum wage.

"Saipan is America's worst sweatshop," Albert Meyerhoff, an attorney for the plaintiffs, said Wednesday. Several industry officials denied that apparel makers conspired to deny workers their rights, adding that apparel makers had strained to improve working conditions in recent years.

## EU: Commission Survives Vote in Parliament but Loses Power

Continued from Page 1

take action against the commission as a body. Members especially criticized Edith Cresson, the former French prime minister who is now commissioner in charge of education and research. Some members accused her of bad administration and favoritism, calling on her to resign.

The Socialist group, the largest in Parliament, called for the censure vote as a means of drawing fire away from Mrs. Cresson and another Socialist commissioner, Manuel Marin of Spain. Most Socialists and Christian Democrats, the second largest group, voted against censure, the commission would have obliged the commission to step down.

The fight was an opportunity for the Parliament to assert itself ahead of elections in June. "In a couple of decades, people will look back and say that this was the moment that Parliament began to assert itself," said Pauline Green, leader of the Socialist group. "What we have done today is to give the commission a big kick in the backside."

The vote was "a significant phase in the maturing of democratic accountability," said the Liberal party

leader, Pat Cox, who voted for censure. "I believe that this has been a substantial victory, even if I was on the losing side."

The fact that the motion failed was "merely a comma, not a full stop," Mr. Cox said.

In fact, the two sides may have to repeat the process in a couple of months. The Parliament and the commission agreed to set up a small, politically independent committee of international accountants and management experts to investigate allegations of graft, which will report back by March 15.

The Parliament will then have a second attempt at approving the EU's expenditure for 1999, which it rejected in December over the graft charges, touching off the crisis this week.

Mrs. Aelvoet said that by handing over investigative powers to an independent committee, whose members could be vetoed by the commission, Parliament had given away an important part of its power. Although the vote weakened the commission, she said, it did not strengthen the Parliament.

Many members agreed with Mrs. Aelvoet's view that the problem "is not just financial scandal, fraud and

corruption — it's the way the commission operates in political terms."

Some members of Parliament see the commission as arrogant, elitist, secretive and unwilling to cooperate with Parliament's attempts to uncover corruption and mismanagement. But Mr. Santer has argued that wrongdoing simply does not exist to the extent imagined by some members of Parliament, that nothing has been proved against any member of the commission and that fraud cases that have been discovered have been correctly handed over to judicial authorities.

Some observers said the commission was politically inept for having suspended an employee after he took allegations of wrongdoing and cover-ups to the Green party.

Mr. Santer said that the administrative style of the commission was a result of fusing practices from all 15 member countries. "We need to develop an administrative culture at the European level," he acknowledged.

Many members of Parliament said the appointment of an investigating committee — the size and composition of which have yet to be determined — meant that the commission was now under supervision. Mr. Santer contested this view, and

## BRIEFLY

### Iranian Militants Are Sentenced

TEHRAN — An Iranian court has condemned three militants to lashings and jail terms of up to 18 months for assaulting members of President Mohammed Khatami's cabinet, a newspaper reported Thursday.

The daily Iran said the court had sentenced Amir Farshad Ebrahimi to an 18-month term and 40 lashes in connection with the attack by a group of hard-liners on Atollah Mohajeri, the culture and Islamic guidance minister, and Abdollah Nouri, then vice president, at a public event in September. Kiyavoush Mozaffari and Babak Shahrastani were both given a six-month jail sentence and 20 lashes.

The ruling was a rare action against Islamic hard-liners who have attacked gatherings of moderates since Mr. Khatami's landslide election on a platform of liberal political and social reforms in 1997. (Reuters)

### Israeli Opposition Picks Its Candidate

TEL AVIV — Leaders of Israel's opposition Labor Party unanimously chose the party chairman, Ehud Barak, on Thursday as their candidate for prime minister in the May 17 elections.

But his selection came only after a dispute was resolved over his powers to hand-pick parliamentary candidates for the polls.

A convention of 2,000 delegates also voted to give former Prime Minister, Shimon Peres, 75, the No. 2 slot on the party's slate of candidates for the 120-member Knesset.

Opinion polls say Mr. Barak, 56, is the best-placed candidate to topple Prime Minister Benjamin Netanyahu, who is expected to be confirmed as the candidate of the Likud party this month. (AFP)

### Snowed-In Toronto To Get Military Aid

TORONTO — Nearly 400 Canadian troops were heading for Toronto on Thursday to help the country's largest city cope with its fifth snowstorm this year as officials told residents to stay home.

More than 25 centimeters (10 inches) of snow was expected to fall on southern Ontario on Thursday, combined with bitterly cold northern winds that would send temperatures below minus 40 degrees Celsius (minus 40 degrees Fahrenheit), meteorologists said.

Thousands of commuters faced long delays in the morning rush hour because of cuts and delays in subway and suburban train service, and numerous flights were canceled at Pearson International Airport early Thursday.

More than 20 centimeters of snow fell Wednesday, adding to 56 centimeters accumulated from storms that began Jan. 2. (Reuters)



Jacques Santer listening to questions Thursday after the vote by European Parliament members.

said he himself had proposed the panel. "It will be a fairly small committee, to take a close look at management problems, but not at policy," he said.

The president of the Parliament, Jose Maria Gil Robles, said that the commission had been "neither absolved nor condemned." A mechanism had been introduced to restore stability and enable the commission to carry out its work — "under supervision," he added.

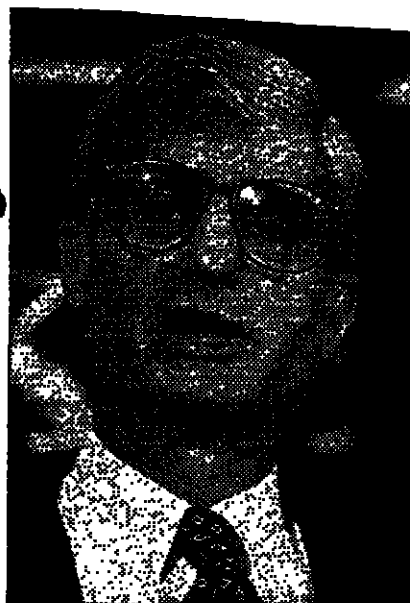
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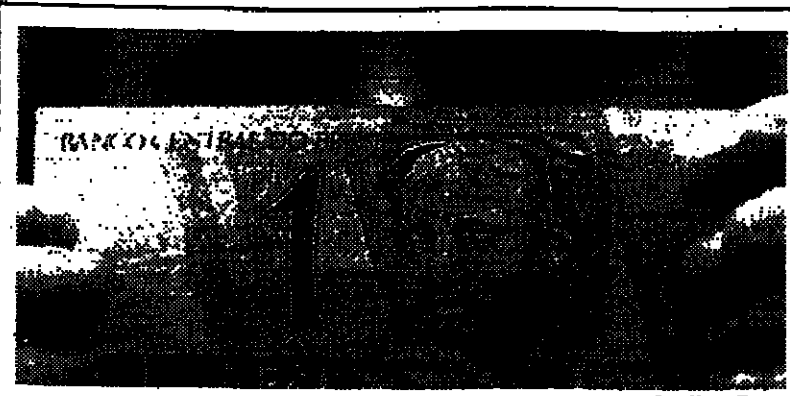
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Treasury Secretary Robert Rubin.

Mr. Clinton, Mr. Rubin and the IMF face a painful choice: whether to continue pumping aid into a country that seems reluctant to reform, or to stand back.



President Cardoso of Brazil.

## Euro-Zone Economies Are Cooling Quickly

By Edmund L. Andrews  
New York Times Service

FRANKFURT — Europe waited through much of the 1990s for economic growth to pick up. It is taking much less time to slow down.

Two weeks after 11 countries successfully launched the euro as Europe's new single currency, a raft of fresh evidence indicates that the economies are stalling more abruptly than specialists had expected just a few months ago.

In Germany, which accounts for one-quarter of the euro zone's economic output, industrial production has declined and the double-digit rate of joblessness has begun to climb higher again.

The German government reported Thursday that the economy had expanded by 2.8 percent in 1998, its best result in four years. But most economists believe growth nearly stopped in Germany in the last several months and will be well below 2 percent this year.

In France, the government reported Thursday that economic growth in the third quarter of 1998 had slowed to .5 percent, its lowest level in one and a half years.

In Italy, which has been lagging its neighbors for the past year, most economists believe industrial production started to decline in November.

All of this comes after the first year of strong economic growth that the euro zone has had since 1994. It also comes at a time when Europe's average unemployment rate remains above 10 percent. Political leaders had been counting on economic revival to finally bring some relief.

The slowdown is putting pressure on the European Central Bank, which oversees the new currency, to relax monetary policy and reduce interest rates.

But at the same time, European countries remain sharply divided. Ireland's economy expanded at the spectacular rate of 7 percent in 1998 and is still growing rapidly. Spain, Portugal and Finland are growing at nearly 4 percent, and creating more jobs as well.

Many if not most economists are now convinced that the European Central Bank will soon have to reduce interest



Mr. Schroeder preparing to reveal that a G-7 summit in June will weigh reform of the world's monetary system.

rates, probably from the current baseline rate of 3.0 percent to about 2.8 percent. Europe's individual central banks all cut their rates to 3 percent in December, just before the euro's official debut.

But at least in public, central bankers continue to discourage speculation about additional easing.

"Unemployment in the euro area is largely structural in origin," said the central bank's president, Wim Duisenberg, in a speech Thursday in Amsterdam. "Implementing an inflationary monetary policy will not solve this problem."

The hawkish suggestion was echoed by Hans Tietmeyer, president of Germany's central bank. Arguing that the December rate cut was appropriate, Mr. Tietmeyer told a meeting of bankers here Thursday that the last decision had "clarified the horizon for rates for the foreseeable future."

## Has U.S. 'Fire Wall' Policy Failed in Brazil?

By David E. Sanger  
New York Times Service

WASHINGTON — When President Bill Clinton and Treasury Secretary Robert Rubin announced two months ago what they termed a "precautionary" \$41.5 billion aid package for Brazil, they described it as the first test of a new strategy to help countries reform their economies before they are overwhelmed by the tumultuous global market forces that have swept from Asia to Russia to Latin America.

In return, the Brazilians pledged to change their free-spending ways, saying their government was "fully committed" to maintaining the value of its currency — a commitment that nations throughout Latin America said was vital if there was any hope of keeping the rest of the region from descending into a nasty recession.

But now, after watching billions continue to pour out of the country after their legislature balked at many of the toughest reforms, the Brazilians have allowed their currency to fall. Many suspect it is the first of a series of devaluations that could resonate around the Americas, and perhaps around the world.

And it confronts Mr. Clinton, Mr. Rubin and the International Monetary Fund with a painful choice: whether to continue pumping aid into a country that seems reluctant to reform, or to stand back — even if that means risking a reversion of the goodwill that followed Russia's economic crisis last summer.

In carefully worded statements Wednesday, neither Mr. Clinton nor Mr. Rubin tipped his hand — or promised much more help. "It is important that Brazil carry forward the implementation of a strong, credible economic program," Mr. Rubin said.

In private, other administration officials predicted that Brazil's problems would not trigger another sell-off around the world, the way panicked investors and lenders fled from developing nations five months ago. The world economy is less brittle now, they said, and investors are better prepared and more savvy than they were five months ago.

But the reality, one senior administration official said Wednesday, is that "none of us really know."

"It's a breach of the fire wall that we spent months building around Brazil," said another official, one of the president's top economic advisers. "It's hard to overestimate the anger around here about how the Brazilians wasted time when they needed to deal with their problems."

The fire wall was a \$41.5 billion

## U.S. Firms' Precautions Helped Limit Damage

By Timothy L. O'Brien  
and Joseph Kahn  
New York Times Service

NEW YORK — Brazil, with the devaluation of its currency and the resignation of its central bank president, is the latest victim of the global financial contagion that first broke out in Southeast Asia about 18 months ago.

As was the case when Thailand, Indonesia, South Korea and Russia each broke under the pressure of excessive debt and weakening currencies, there is now ample hand wringing about the U.S. financial community's exposure to Brazil's travails.

But most U.S. financial-services concerns have been anticipating a devaluation in Brazil for some time, and they say they have ample reserves to absorb any losses there.

U.S. banks had about \$16.7 billion of loans and other assets in Brazil at the end of June, the largest amount of any Latin American country, according to the Bank for International Settlements. But most U.S. banks have been cutting back since then.

Among European banks, Spanish and Portuguese lenders are heavily exposed to Brazil. German banks have also been among the biggest lenders to Brazil and other countries in South America. In a November report, the Bank for International Settlements noted that German banks were "taking the lead in the supply of fresh funds to Brazil."

Specific data on mutual funds' investments in Brazil are not kept, but open-end equity funds that have at least 10 percent of their assets in Brazil owned \$6.3 billion in stock

there as of November, according to Lipper Inc.

Wall Street brokerage and investment banking firms have for years put Brazil near the top of their lists of emerging-market priorities. A surge of investment in the stock market there and the government's promise to sell state-owned property attracted every major U.S. investment bank.

But many of the investment banks said that, like commercial banks, they had been steadily reducing their financial exposure to Brazil.

Exposure for most brokerage firms is minimal, analysts said. "Ever since the emerging markets blew up, they have been working hard to reduce their exposure," said Guy Moszkowski of Salomon Smith Barney Inc.

The investment bank with the greatest stake in Brazil is Credit Suisse First Boston.

The Swiss-American company paid \$675 million six months ago to buy Garantia S.A., a leading Brazilian investment bank.

Credit Suisse First Boston reduced Garantia's inventory of Brazilian government bonds recently and hedged its exposure to the market, preparing for the possibility of a devaluation, people who work at the bank said. Moreover, Garantia posted a profit last year and continues to operate profitably this month, Credit Suisse employees said.

Another significant difference between the Russian and Brazilian crises is that hedge funds, among the hottest of the hot money players that dart in and out of markets, have pulled back from Brazil since summer, thus limiting the sense of panic surrounding Brazil.

"precautionary" aid program for Brazil, including a \$5 billion direct contribution from the United States. The idea was to buy some time for Brazil to enable it to keep its economy together and its currency strong, while the government implemented a detailed economic plan negotiated with the IMF. But it was also a fire wall for the United States: Brazil is one of Amer-

ica's largest trading partners, and a huge market for American corporations. A deep recession there, it was feared, would be felt in the United States far more sharply than the downturn in Southeast Asia, where America's economic interests are more limited.

For Mr. Clinton and Mr. Rubin, the fire wall was also the first test of a new strategy for coping with global eco-

nomie instability. The idea was to aid countries before they got into deep trouble — the kind that caused havoc for the economies of South Korea, Indonesia, Thailand and Russia.

"It's far better to help a country when it is still fundamentally healthy," Mr. Rubin said last autumn, "and when it is easier to make economic reforms."

But the whole strategy hinged on the willingness of Brazil's unpredictable legislature to enact a cutback program — including sharp and politically unpopular budget reductions.

The legislature balked at many of the cuts. And ever since, unconvinced that President Fernando Henrique Cardoso had the political power to push through the rest of the package, investors have continued to flee the country. The slow flight to the exits turned into a rush Tuesday, when \$12 billion fled the country.

"This calls into question the whole efficacy of the American strategy," said Clyde Prestowitz, president of the Economic Strategy Institute and a former Commerce Department official. "The whole assumption of the administration's approach is that we are going to aid countries that are committed to getting their act together." Mr. Prestowitz said. "But if it's a big or important country — Russia because of its nuclear power, Brazil because of its economic power — there is a temptation to simply hope that they will get their act together. And the Brazilians didn't do it."

There are three big risks ahead now. The first is that Brazil will sink into an even deeper recession than the one it has been facing for months. To defend the currency at its newly devalued level, Brazil will probably have to keep interest rates extremely high for the near future. But that, in turn, could choke off economic activity — at a time that factories are closing and middle-class workers are finding their jobs threatened.

"There is a real risk at this point that this could deteriorate badly," said Robert Hormatz, vice chairman of Goldman, Sachs & Co. "The question is whether they can contain the devaluation and get the reform program moving. Because there really is no Plan B."

The second risk is that contagion will be reignited. Because the Latin American economies are so interlinked, many economists were warning on Wednesday that Argentina and Chile could easily fall into recession.

And finally there is the challenge to American credibility. After the failure of the rescue plan in Russia, Mr. Rubin and Mr. Clinton have a lot riding on their bet in Brazil.

## Marks & Spencer Shares Tumble on Profit News

By Alan Cowell  
New York Times Service

LONDON — Marks & Spencer PLC, Britain's flagship retailer, saw its stock tumble Thursday after forecasting that profit this year would be down to just over half of last year's.

In part, the news confirmed what many already knew about Britain's Main Street: with talk of low growth or even recession in the headlines, many Britons kept their purse-strings tight at precisely those year-end holiday times when retailers bank on profligate spending.

But even against that gloomy backdrop, Marks & Spencer — still reeling from a boardroom power struggle in November — seemed to have lost touch with a core of customers who found its conservative range of clothing simply too unenticing.

"Our colors were dull," said Jane Lowe, a company spokeswoman. "It was all gray and black. The rest of the market was dark colors. But predominantly it was the colors."

Peter Salisbury, a long-time Marks & Spencer manager who emerged as chief executive after the November boardroom tussle, coupled the profit warning with an announcement that the company would be reorganized internally.

But the promise left investors cold. The company's stock fell more than 12 percent to 346 pence, driven by its forecast of profit of between £625 million and £675 million (\$1.03 and \$1.12 billion), compared with last year's profit of £1.17 billion. The forecast was far lower than analysts' projections of between £780 million and £850 million. The drop Thursday put the stock price

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## Crisis Leaves Argentina Most at Risk

By Sam Dillon  
New York Times Service

MEXICO CITY — As shock waves from Brazil's devaluation of its currency reverberate across Latin America, analysts said Argentina was likely to be rattled the most severely and that other countries bordering Brazil would be shaken more than Mexico, where ties to the U.S. economy would cushion the shock.

But when the panic has subsided, they said, some economies in the region will have proved more resilient than others. For example, Argentina can expect to see its interest rates soar, exports drop and unemployment rise, the analysts said, perhaps pushing Brazil's closest trading partner into recession.

At the other extreme, Mexico will

also suffer from volatile interest rates and double-digit inflation, but with its economic fundamentals in good shape, it should eke out at least modest growth this year, despite the Brazilian crisis.

"Argentina is most vulnerable to the Brazilian crisis, and Mexico is the least," said Luis Luis, managing director at Scudder Kemper Investments in Boston.

But the Argentine peso, which is pegged at 1-to-1 with the dollar, did not budge Wednesday, and the country's economic planning secretary, Rogelio Frigerio, vowed to defend the currency.

"One-to-one parity is not a matter for government, but a requirement and demand of the people," Mr. Frigerio told Reuters.

"We are not going to change that

position for anything in the world." With \$25 billion in reserves, Argentina appears to have the muscle to back that vow.

Still, analysts said, the Argentine economy is headed for trouble. They had predicted that Argentina's economy would grow 2 percent this year; now they predict zero or negative growth.

About one-third of Argentina's exports go to its huge northern neighbor, Brazil, and given the revised economic forecasts, they are likely to drop sharply.

That could lead to social unrest during a presidential election year. During the regional crisis that followed Mexico's 1994 devaluation, Ar-

gentine's economy was hit hard.

## CURRENCY RATES

Currency	Per \$	Per £	Per SF	Per Yen	Per CS	Per Dmk	Per Greek	Per Swede
London (0)	1.4581	—	2.2547	187.91	2.5311	10.5472	460.53	12.9585
New York (0)	—	1.6557	1.2573	113.625	1.5337	6.3945	277.75	7.835
Tokyo	113.45	187.27	83.30	—	74.37	17.71	N.A.	14.57
Toronto	—	—	—	—	—	—	—	—
Zurich	1.3587	2.25	—	1.1985	0.89	21.363	0.689	0.1742
One euro	1.1653	0.7042	1.5924	132.74	1.7707	7.4437	325.00	9.135
One SDR	1.4041	0.8513	1.9201	159.185	2.1546	8.975	391.75	10.9556

Interbank rates excluding commissions.  
 SDR: Special Drawing Right of the IMF.  
 Source: Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); Banque de France (Paris); IMF (SDR). Other data from Reuters.

Currency	Per \$	Per £	Per SF	Per Yen	Per CS	Per Dmk	Per Greek	Per Swede
Argentine peso	0.0998	—	—	—	—	—	—	—
Australian dollar	1.50	—	—	—	—	—	—	—
Brazilian real	1.213	—	—	—	—	—	—	—
Canadian dollar	0.7250	—	—	—	—	—	—	—
Chinese yuan	8.275	—	—	—	—	—	—	—
Czech koruna	30.62	—	—	—	—	—	—	—
Dutch guilder	3.6037	—	—	—	—	—	—	—
East German mark	1.5360	—	—	—	—	—	—	—
French franc	6.5595	—	—	—	—	—	—	—
German mark	1.9363	—	—	—	—	—	—	—
Indian rupee	47.84	—	—	—	—	—	—	—
Italian lira	2.3636	—	—	—	—	—	—	—
Japanese yen	106.48	—	—	—	—	—	—	—
South Korean won	200.48	—	—	—	—	—	—	—
Spanish peseta	166.386	—	—	—	—	—	—	—

Source: Associated Press.

Currency	Per \$	Per £	Per SF	Per Yen	Per CS	Per Dmk	Per Greek	Per Swede
Argentine peso	0.0998	—	—	—	—	—	—	—
Australian dollar	1.50	—	—	—	—	—	—	—
Brazilian real	1.213	—	—	—	—	—	—	—
Canadian dollar	0.7250	—	—	—	—	—	—	—
Chinese yuan	8.275	—	—	—	—	—	—	—
Czech koruna	30.62	—	—	—	—	—	—	—
Dutch guilder	3.6037	—	—	—	—	—	—	—
East German mark	1.5360	—	—	—	—	—	—	—
French franc	6.5595	—	—	—	—	—	—	—
German mark	1.9363	—	—	—	—	—	—	—
Indian rupee	47.84	—	—	—	—	—	—	—
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South Korean won	200.48	—	—	—	—	—	—	—
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Source: Associated Press.

To the Holders of Units in

### International Income Fund

Long Term Portfolio  
(Reference Currency - Euro)  
(formerly International Income Fund  
Long Term Units - Deutschmark Portfolio)

EBC Fund Managers (Jersey) Limited as Manager of the above mentioned Fund has declared the following dividend per Unit for the financial period ended 31st December, 1998, payable on the 29th January, 1999, in respect of Units in issue on 31st December, 1998.

Euro 2.60 per Unit - payable against Coupon No. 5

Unit holders should send their Coupons to the Manager at EBC House, 1-3 Seale Street, St. Helier, Jersey, JE4 8XL, Channel Islands or to one of the following Paying Agents:

Banque Générale du Luxembourg (Suisse) S.A.,  
Remweg 57, 8023 Zurich, Switzerland

Banque Générale du Luxembourg S.A.,  
50 Avenue J.F. Kennedy, L-2951 Luxembourg.

Arrangements have been made whereby holders of all units in the Long Term Portfolio (Reference Currency - Euro) in issue at 29th January, 1999 may reinvest the dividend paid at that date in additional units at a purchase price equal to the Basic Net Asset Value per Unit at 29th January, 1999 (as an indication, the Basic Net Asset Value per Unit was Euro 57.58 on 5th January, 1999). This right will be terminated at the close of business on 26th February, 1999. Unit holders who desire to reinvest their dividend should advise the Manager accordingly when presenting their Coupons for payment.

EBC Fund Managers (Jersey) Limited  
Manager  
Dated: 15th January, 1999

To the Holders of Units in

### International Income Fund

Long Term Portfolio  
(Reference Currency - US Dollar)  
(formerly International Income Fund  
Long Term Units - USD Portfolio)

EBC Fund Managers (Jersey) Limited as Manager of the above mentioned Fund has declared the following dividend per Unit for the financial period ended 31st December, 1998, payable on the 29th January, 1999, in respect of Units in issue on 31st December, 1998.

USD2.00 per Unit - payable against Coupon No. 38

Unit holders should send their Coupons to the Manager at EBC House, 1-3 Seale Street, St. Helier, Jersey, JE4 8XL, Channel Islands or to one of the following Paying Agents:

Bankers Trust Company, 280 Park Avenue,  
New York, N.Y. 10017, U.S.A.

Banque Générale du Luxembourg (Suisse) S.A.,  
Remweg 57, 8023 Zurich, Switzerland

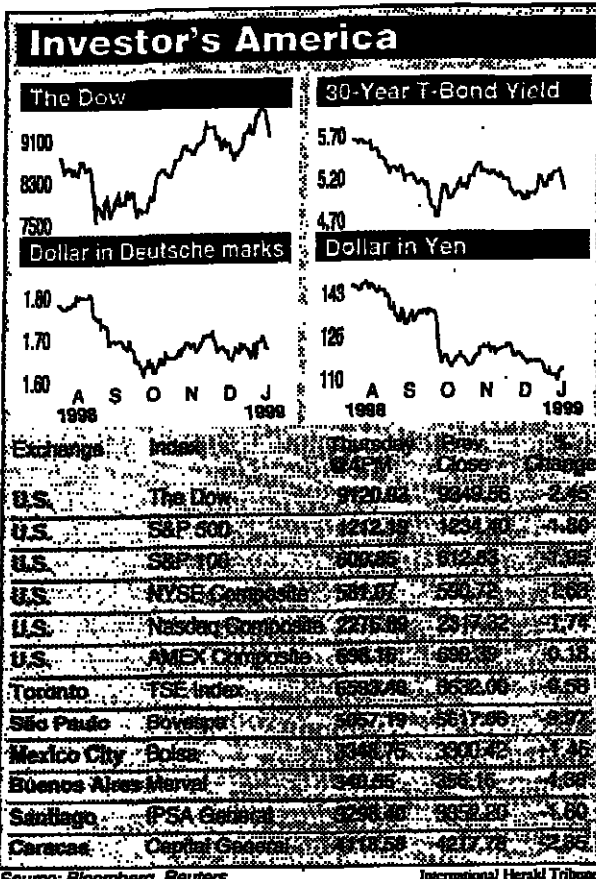
Banque Générale du Luxembourg S.A.,  
50 Avenue J.F. Kennedy, L-2951 Luxembourg.

Arrangements have been made whereby holders of all units in the Long Term Portfolio (Reference Currency - US Dollar) in issue at 29th January, 1999 may reinvest the dividend paid at that date in additional units at a purchase price equal to the Basic Net Asset Value per Unit at 29th January, 1999 (as an indication, the Basic Net Asset Value per Unit was USD\$2.89 on 5th January, 1999). This right will be terminated at the close of business on 26th February, 1999. Unit holders who desire to reinvest their dividend should advise the Manager accordingly when presenting their Coupons for payment.

EBC Fund Managers (Jersey) Limited  
Manager  
Dated: 15th January, 1999



## THE AMERICAS



## Very briefly:

- Planet Hollywood International Inc. will sell or discontinue some operations and cut costs to focus on its theme restaurants amid an expected decline in fourth-quarter sales. The operator of theme restaurants will report a loss for the quarter, even before it takes pretax charges of \$130 million to \$160 million to cover the moves, it said.
- The U.S. Trade Representative's Office said its planned trade sanctions against the European Union in a dispute over banana imports will total about \$50 million. The U.S. trade agency formally notified the World Trade Organization of its intention to impose the sanctions to compensate for what it says is a failure of the EU to comply with a WTO ruling against its banana import policies.
- Fresh Del Monte Produce Inc. has acquired all outstanding shares of Banana Marketing Belgium NV for an undisclosed amount to gain access to the European market. Fresh Del Monte Produce also finalized a long-term banana purchase agreement with a subsidiary of C.I. Banao SA, the Belgian company is Banao's exclusive distributor in Europe.
- Eastman Kodak Co.'s fourth-quarter profit rose 39 percent, to \$343 million, as cost-cutting offset a 6 percent drop in revenue, to \$3.56 billion.
- Chile's Escondida copper mine, the world's largest, is postponing a \$1 billion expansion because of the lowest prices for the metal in more than a decade. Executives said copper prices would have to rise from the current 66 cents a pound before the company would proceed.
- Ford Motor Co.'s board of directors held its quarterly meeting amid growing speculation that the No. 2 automaker would soon acquire the automotive operations of Volvo AB.
- Dayton Hudson Corp. plans to buy back \$1 billion in stock, after higher sales at its Target discount chain helped lift its stock price 55 percent the past year. The retailer, whose department stores include Marshall Field & Co. and Dayton's, also raised its quarterly dividend to 10 cents a share from 9 cents.

AP, Bloomberg, Reuters

## Stocks Fall on Profit Worry Linked to Brazil

**NEW YORK** — Stocks plunged Thursday, with the Dow Jones Industrial average wiping out its gains for the year on concern that Brazil's economic crisis would spread across Latin America, eventually hurting U.S. corporate profits.

"You have absolute nervousness about the international economy" after Brazil devalued its currency Wednesday, said Dan Egan, a money manager with BlackRock, a brokerage concern in Philadelphia. "I'm not predicting a financial meltdown, but when you have expensive U.S. stocks and negative news, you get a pullback."

The Dow finished 228.63 points lower at 9,120.93, leaving it 0.66 percent lower for the year.

The Standard & Poor's 500-stock index closed 22.21 points lower at 1,212.19, and the Nasdaq composite index ended 33.99 points lower at 2,276.82. Declining issues out-

numbered advancing ones by a 3-to-2 ratio on the New York Stock Exchange.

Many U.S. banks and other companies that depend on Latin America for their profits fell amid concern that Brazil was heading toward recession. U.S. financial-services companies, which have an estimated \$65 billion in investments at

## U.S. STOCKS

risk in Latin America, led the Standard & Poor's index lower.

Investors fleeing the falling stock market bought U.S. Treasury bonds. The price of the benchmark 30-year issue rose 1/32 point to 102 28/32, taking its yield down to 5.06 percent from 5.13 percent Wednesday.

"It's probably a safe bet" to move toward Treasury issues after the devaluation of the real sent stocks lower and enhanced the appeal of safer investments, said Michael Mullane at

Boston Partners Asset Management. A U.S. government report showing that consumer-price inflation last year was the lowest in 12 years also drew buyers to bonds.

Kodak accounted for the lion's share of the Dow's decline, falling 8 3/16 to 70 1/2 after reporting a smaller quarterly profit than analysts had expected after plunging film prices eroded the financial benefits of cutting costs.

Among the banks posting the steepest losses were J.P. Morgan, which fell 4 1/2 to 102, BankAmerica, which fell 2 1/2 to 62 1/2, and BankBoston, which lost 1 1/2 to 36 1/2.

Standard & Poor's on Thursday revised to negative the rating outlook on several U.S. and Western European banks because of their vulnerability to emerging markets. The U.S. companies include Citigroup, J.P. Morgan and BankBoston.

Other shares hurt by Brazil's teetering economy included IBM, Xerox and Coca-Cola.

Brazil is the sixth-largest market for Coca-Cola, the world's biggest soft-drink maker, providing 3.9 percent of its profit in 1997, according to William Pecorelli, an analyst at Sanford C. Bernstein & Co.

The impeachment trial of President Bill Clinton, in which opening arguments began Thursday, added "another layer of uncertainty to the market," said Charles White, president of Avatar Associates, a money-management concern. "This is a time when the world needs leadership. There's more room for negative surprises."

Technology shares were among the most active. Cisco Systems rose after an analyst at Morgan Stanley recommended the stock, while Apple Computer and Advanced Micro Devices fell in reactions to their profit reports. (Bloomberg, AP)

## Nextlink Set To Expand

Bloomberg News

**BELLEVUE, Washington** — Nextlink Communications Inc. said Thursday it would buy the wireless phone company WNP Communications Inc. for \$695 million in cash and stock.

Nextlink was founded by the cellular pioneer Craig McCaw and provides local and long-distance phone services over wired networks.

In a separate agreement, Nextlink said it would buy Nextel Communications Inc.'s 50 percent stake in Nextband for about \$137.7 million. Nextband is a joint venture between Nextel and Nextlink that owns more than 40 wireless licenses.

Nextlink will expand its network with fixed wireless technology through the acquisitions and tap McCaw's experience.

The technology will allow Nextlink to expand into new markets at a faster rate and for a cost far less than building out its wired networks, analysts said.

"Very few people know as much about wireless technology as Craig McCaw," said John Hoddick, an analyst at PaineWebber Inc.

Nextlink rose \$4.8125 to close at \$36.0625, while Nextel fell 50 cents to \$28.4375.

## Brazil Crisis Limits Dollar Trading

Bridge News

**NEW YORK** — The dollar was little changed against other major currencies Thursday as investors awaited further developments in Brazil, the latest emerging-market country to devalue its currency and send world markets into a tailspin.

Analysts said the key question was whether Brazil could keep its economic reform program on track or whether the 8 percent devaluation in the real announced Wednesday was just the first step toward a free float of the Brazilian currency.

"The focus has now turned on the ability of President Fernando Henrique Cardoso's government to enact the rest of the economic program," Richard Berner of Mellon Bank said.

Stock markets remained extremely nervous, with the Bovespa stock index in Brazil falling by 10 percent before trading was suspended.

Hans Tietmeyer, president of the

**FOREIGN EXCHANGE**

Bundesbank, tried to calm markets, saying that the "internal situation in Brazil is better than some think."

The German central banker said that it was important to restore investor confidence in Brazil but that most of the work would have to be done by Brazil itself.

Currency traders said the market's major worry was that any free float of the real could quickly get out of control, as happened with the devaluation of the Russian ruble.

Any sharp depreciation in the real's value would put pressure on Brazil's neighbors to devalue as well, triggering a regional crisis that could damage to U.S. exports and the global economy, analysts said.

"The key is what path Brazil will take toward reaching its policy goals," said Lisa Finstrom of Salomon Smith Barney. Dealers said pressure on the dollar from the Brazil situation had been offset by a report showing an unexpectedly strong increase of 0.9 percent in U.S. retail sales for December. In 4 P.M. trading, the euro rose to \$1.1697 from \$1.1672 on Wednesday, while the pound rose to \$1.6557 from \$1.6482. The dollar fell to 135.73 Swiss francs from 136.42 francs but rose to 113.625 yen from 113.130 yen.

## Apple Shares Fall Despite Strong Earnings

Compiled by Our Staff From Dispatches

**SAN FRANCISCO** — Apple Computer Inc. shares fell sharply Thursday, a day after it reported a sharp rise in profit for its first quarter, as some analysts said the quarterly sales figure was disappointing.

Apple said Wednesday it earned \$152 million in the quarter that ended Dec. 26, compared with \$47 million a year earlier. Revenue rose 8 percent, to \$1.71 billion.

"It's going to get more challenging in 1999," said Kimberly Alexy,

an analyst at Prudential Securities, who rates Apple a hold. "I don't see how this gets better from here." Apple's stock closed \$5.125 lower at \$41.375.

Though Apple's numbers beat most estimates, Ms. Alexy and other analysts said they were disappointed with the company's revenue.

Apple sold 519,000 iMacs in the quarter and has sold about 800,000 since they went on sale last August. The iMac became the top-selling desktop machine in November.

Apple says it is selling 32 percent of iMacs to first-time computer buyers, suggesting that it is reaching beyond its core of loyal users. That figure impressed many analysts.

"They clearly have tapped into a market that most of us suspected was there," said Barry Jaruzelski of Booz Allen & Hamilton in New York, adding that "the reason the thing is doing so well is that it's a great industrial design which is super-easy to use and super-easy to set up." (Bloomberg, AP)

## U. S. STOCK MARKET DIARY

Thursday, Jan. 14

Most Active

NYSE

Vol. High Low Last Chg.

Dow Jones

Ind. 9120.93 -228.63

S&amp;P 500 1212.19 -22.21

Nasdaq 2276.82 -33.99

Standard &amp; Poors

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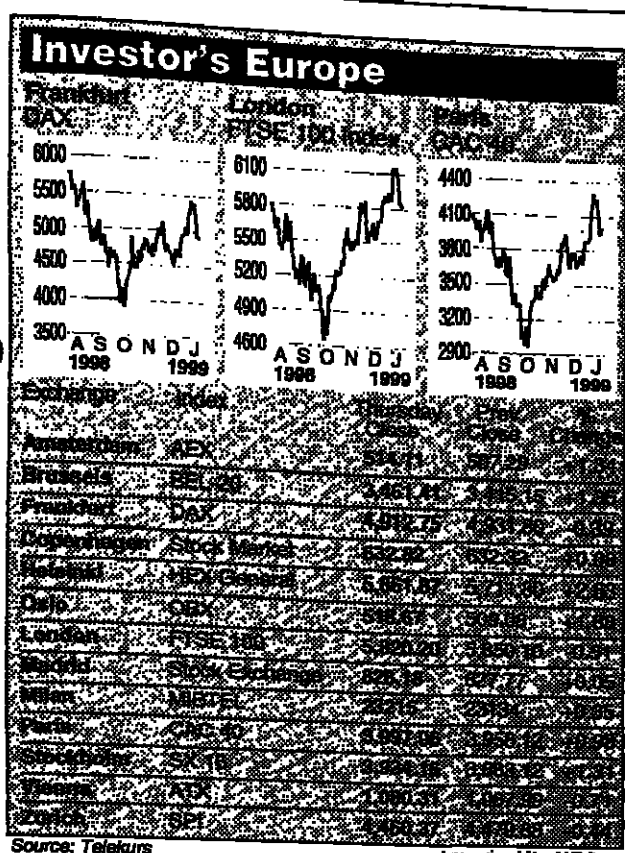
NYSE

Vol. High Low Last Chg.

Dow Jones



EUROPE



Very briefly:

- The London International Financial Futures and Options Exchange is investigating allegations of illegal trading by a member. Sources say the investigation has focused on the activities of a senior manager of a unit of Refco Inc. They also say the probe is examining Refco's activities across a range of LIFFE contracts, including options, over a number of years. Refco would not comment.
- Commerzbank AG plans to build a sales force of 1,000 in Italy as part of its global expansion in asset management.
- Hungary increased its first sale of 10-year local currency bonds because of heavy demand as investors clamored for returns three times higher than those in Western Europe. Hungary sold 12.5 billion forint (\$57.9 million) of fixed-coupon bonds maturing in February 2009 at an average yield of 9.82 percent at auction. It originally planned to sell 10 billion forint of the securities. *Reuters, Bloomberg, Bridge News*

Paris Orders  
48 Rafale  
Jet Fighters

**Bloomberg News**  
PARIS — Dassault Aviation SA won an order Thursday from the Defense Ministry for 48 Rafale fighters at about \$2.8 billion, its biggest order for the fighter jet.

Dassault Aviation shares rose 9.90 euros to close at 171.90 (\$200.64) after Defense Minister Alain Richard announced the expected order. The government said 28 of the orders were firm and 20 represented options.

Dassault, the sole maker of combat jets in France, is counting on the orders to ensure production of the Rafale, which will compete with the Eurofighter 2000 combat jet, France, which helped fund the Rafale, said last year it would buy 290 of the fighters, but it had bought just 13 before the announcement Thursday.

First deliveries of the plane — seven are destined for the navy and 21 for the air force — are scheduled for 2002. That will coincide with the first deliveries of the Eurofighter, built by British Aerospace PLC, Alenia SpA of Italy, DaimlerChrysler Aerospace AG of Germany and Construcciones Aeronauticas SA of Spain.

Britain, Germany, Spain and Italy agreed in September to pay \$8.3 billion for 148 Eurofighters, also known as the Typhoon.

U.K. Retailer Rejects Hostile Bid

**Compiled by Our Staff From Dispatches**  
LONDON — Sears PLC, best known for its Richards and Miss Selfridge retail chains and the Freemans catalog, said Thursday it was rejecting a hostile takeover bid because the offer was far too low.

The offer of \$519 million (\$857.7 million), or 340 pence a share, came from a group led by the Barclay family and an entrepreneur, Philip Green. It had the backing of Aidan Barclay, whose family owns British newspapers and the Ritz Hotel in London.

"The offer terms significantly undervalue Sears and would deprive shareholders of the full value of their assets," the company said, urging shareholders to reject the bid.

But Mr. Green's bid found favor with Sears' largest shareholder, Phillips & Drew Fund Management Ltd. The unit of UBS AG committed to tender 13.75 percent of Sears stock, although that agreement

would no longer be binding if another offer for Sears of at least 360 pence per share were to emerge.

"Green has some powerful backing and has taken the risk of going hostile and high-profile," said Nick Bubb, an analyst at SG Securities. "It's a fair offer, and it will be very difficult for Sears to fight it off."

Sears shares gained 34 pence to close Thursday at 344.5 pence, above the price Mr. Green had offered. That indicated investors were hoping for a richer deal. One analyst valued Sears at 375 pence a share.

Sears, which sells clothing in Britain under several brand names, is not related to the U.S. retailer Sears, Roebuck & Co.

The formal bid, through January Investments Ltd., a company controlled by Mr. Green, came a day after Sears sold Creation Financial Services Ltd., its in-house credit unit, for £141 million. One of the conditions set out by Mr. Green

when he first approached the company was a progress report on the sale of Creation.

The chairman of Sears, Sir Bob Reid, who is fighting to polish the company's image after years of falling sales and a declining share price, remains a fierce advocate of its continued independence. Analysts said the sale of the finance unit had strengthened Sears' hand against Mr. Green, but perhaps not by enough.

Mr. Green argued that Sears' failed efforts to spin off its Freemans catalog unit had resulted in "a significant erosion of Freemans' performance and value" and that its "poor disposal strategy" had hurt shareholder value.

"There is no reasonable prospect of Sears' existing management generating improved returns in the near future," January Investments said in a statement.

*(Reuters, Bridge News, Bloomberg)*

Total to Sell  
Assets After  
Fina Deal

**Compiled by Our Staff From Dispatches**  
PARIS — Total SA's acquisition of Petrofina SA of Belgium will result in the sale of assets worth as much as 1.5 billion euros (\$1.76 billion) over two years, Total's managing director, Thierry Desmarest, said Thursday.

The money from the sales will be used "to help finance our very ambitious development program for exploration and production," Mr. Desmarest said at a shareholders meeting at which Total shareholders approved the \$11.4 billion plan to buy Petrofina, creating the world's sixth-biggest publicly traded oil company.

Mr. Desmarest also said part of the money would be used to buy back more Total shares on the open market. The French company acquired about 3 million shares in December.

But if the purchase of Petrofina were to create value for shareholders, Total "must quickly use the synergies already announced," he said.

Total said the combined companies would cut annual costs by 3 billion to 4 billion francs (\$535 million to \$713 million). The cost reduction would help the company cope with a plunge in oil prices to near their lowest in 12 years. Total said.

Total shares closed Thursday in Paris at 91.70 euros, down 3.30. *(AFP, Bloomberg)*

G-7 Study of Currency Bands Cited

**Bloomberg News**  
BONN — The Group of Seven industrialized nations is examining the viability of creating trading ranges for major world currencies, in particular the financing of exchange-rate intervention, Chancellor Gerhard Schröder of Germany said Thursday.

Mr. Schröder said the seven nations had agreed that fluctuations among the main world currencies needed to be limited and that a laissez-faire approach to financial markets no longer worked, though there were differences as to how capital flows should be regulated.

"Whether fluctuation bands will be established or not, I can't say," Mr. Schröder said. "The central question is, if we do it, what will it cost to defend" the bands.

"More time has to be invested in working on that," he said, adding that G-7 finance ministers would discuss the issue at a meeting Feb. 20 in Bonn.

In the wake of international financial crises in Asia, Russia and Latin America, Finance Minister Oskar Lafontaine of Germany has been calling for target trading zones to be established among the euro, the dollar and the yen, to limit ex-

cessive currency movements that could hurt economic growth.

While the suggestion got a cool reception initially from other G-7 countries on the ground that exchange-rate targets tend to stray from economic reality and could be expensive to defend, support for the concept seems to be building as fluctuations in the yen hamper Japan's attempts to haul the economy out of a deep recession.

Prime Minister Keizo Obuchi of Japan, on a recent tour of France, Italy and Germany, said the G-7 countries needed to work together to combat foreign-exchange swings.

WORLD STOCK MARKETS

Thursday, Jan. 14  
Prices in local currencies;  
in euros for EMU countries.  
Televised

High Low Close Prev.

Amsterdam

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NASDAQ

Thursday's 4 P.M.  
The 1,000 most traded National Market securities  
in terms of dollar volume, updated twice a year.  
The Associated Press.

Stock	Dr	Yld	PE	High	Low	Close
IBM	120.00	4.5	15.0	120.00	119.00	119.50
Microsoft	56.00	3.5	18.0	56.00	55.00	55.50
Oracle	34.00	4.0	12.0	34.00	33.00	33.50
Amazon.com	34.00	3.0	15.0	34.00	33.00	33.50
Yahoo!	24.00	3.5	12.0	24.00	23.00	23.50
Google	24.00	3.0	15.0	24.00	23.00	23.50
Alibaba	24.00	3.5	12.0	24.00	23.00	23.50
Facebook	24.00	3.0	15.0	24.00	23.00	23.50
Twitter	24.00	3.5	12.0	24.00	23.00	23.50
LinkedIn	24.00	3.0	15.0	24.00	23.00	23.50

Stock	Dr	Yld	PE	High	Low	Close
Apple	120.00	4.5	15.0	120.00	119.00	119.50
Microsoft	56.00	3.5	18.0	56.00	55.00	55.50
Oracle	34.00	4.0	12.0	34.00	33.00	33.50
Amazon.com	34.00	3.0	15.0	34.00	33.00	33.50
Yahoo!	24.00	3.5	12.0	24.00	23.00	23.50
Google	24.00	3.0	15.0	24.00	23.00	23.50
Alibaba	24.00	3.5	12.0	24.00	23.00	23.50
Facebook	24.00	3.0	15.0	24.00	23.00	23.50
Twitter	24.00	3.5	12.0	24.00	23.00	23.50
LinkedIn	24.00	3.0	15.0	24.00	23.00	23.50

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Facebook	24.00	3.0	15.0	24.00	23.00	23.50
Twitter	24.00	3.5	12.0	24.00	23.00	23.50
LinkedIn	24.00	3.0	15.0	24.00	23.00	23.50

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Alibaba	24.00	3.5	12.0	24.00	23.00	23.50
Facebook	24.00	3.0	15.0	24.00	23.00	23.50
Twitter	24.00	3.5	12.0	24.00	23.00	23.50
LinkedIn	24.00	3.0	15.0	24.00	23.00	23.50

AMEX

Thursday's 4 P.M. Close  
The 150 most traded stocks of the day  
up to the closing on Wall Street.  
The Associated Press.

Stock	Dr	Yld	PE	High	Low	Close
IBM	120.00	4.5	15.0	120.00	119.00	119.50
Microsoft	56.00	3.5	18.0	56.00	55.00	55.50
Oracle	34.00	4.0	12.0	34.00	33.00	33.50
Amazon.com	34.00	3.0	15.0	34.00	33.00	33.50
Yahoo!	24.00	3.5	12.0	24.00	23.00	23.50
Google	24.00	3.0	15.0	24.00	23.00	23.50
Alibaba	24.00	3.5	12.0	24.00	23.00	23.50
Facebook	24.00	3.0	15.0	24.00	23.00	23.50
Twitter	24.00	3.5	12.0	24.00	23.00	23.50
LinkedIn	24.00	3.0	15.0	24.00	23.00	23.50

NYSE

Thursday's 4 P.M. Close  
(Continued)

Stock	Dr	Yld	PE	High	Low	Close
IBM	120.00	4.5	15.0	120.00	119.00	119.50
Microsoft	56.00	3.5	18.0	56.00	55.00	55.50
Oracle	34.00	4.0	12.0	34.00	33.00	33.50
Amazon.com	34.00	3.0	15.0	34.00	33.00	33.50
Yahoo!	24.00	3.5	12.0	24.00	23.00	23.50
Google	24.00	3.0	15.0	24.00	23.00	23.50
Alibaba	24.00	3.5	12.0	24.00	23.00	23.50
Facebook	24.00	3.0	15.0	24.00	23.00	23.50
Twitter	24.00	3.5	12.0	24.00	23.00	23.50
LinkedIn	24.00	3.0	15.0	24.00	23.00	23.50



INTERNATIONAL INVESTING

# Brazil Debacle Shows Investors' Learning Curve

By Jonathan Fuerbringer  
New York Times Service

NEW YORK — This time Wall Street investors were better prepared to absorb the shock.

In contrast to the aftermath of Russia's collapse in August, the initial flight to safety that followed Brazil's currency devaluation Wednesday did not turn to panic in U.S. stock and bond markets.

Big bettors had learned their lesson: Fool me once, shame on me; fool me twice, shame on me.

U.S. bond prices soared as soon as Brazil announced its devaluation; investors rushed to the immediate safety of the Treasury market. But bonds gave up much of their gain by the day's end, with the price of the 30-year Treasury bond rising 1/32 to 101 28/32 and the yield, which moves in the opposite direction, moving down to 5.13 percent from 5.20 percent Tuesday.

In the corporate bond market, which froze up after the Russian collapse, big-name bonds rallied to trim their early losses by the end of the day.

For all the nagging fears of the future, the reaction of American financial markets Wednesday showed that the system was not as vulnerable to bad news as it was in August.

There was even time for joking on

trading floors once the U.S. stock market began to recover. "How does Brazil solve its problems?" ran the question of the day. The answer: "Change its name to Brazil.com and float itself as an Internet stock."

When Russia suddenly devalued its currency and effectively defaulted on its debt in mid-August, investors around the world were stunned. Many refused to believe the United States and the International Monetary Fund would allow Russia to collapse until it actually happened.

But with that experience still fresh in the memories of market participants, Brazil's policy reversal — which stopped far short of full-scale devaluation and default — did not come as much of a surprise.

A major lesson learned last summer was that there could be default on sovereign debt, said Denis Adler, the corporate bond strategist at Salomon Smith Barney. "People had forgotten that and discounted it as a risk then."

Meanwhile, investors have become much more risk-averse, moving away from markets that they think are vulnerable. They are no longer borrowing so much, either, to make big bets — known on Wall Street as leveraging. That means they are not as vulnerable to outsized losses and panic selling to cov-

er their loans. This kind of leverage was also at the heart of the near collapse of Long-Term Capital Management, the hedge fund whose losses spooked investors in September.

"Timing is very important," said Lawrence Brainard, the global head of emerging market research at Chase Securities. "The markets have had time to reduce leverage and exposure."

Jim Claire, the head of the taxable fixed income trading desk at First Capital Group in Charlotte, North Carolina, said: "Everyone is saying it is not the end of the world. We have been down this road before."

Russia's collapse sent investors fleeing to the U.S. Treasury market, pushing the yield on the 30-year bond down to 4.72 percent in early October. Fear of risk at that time effectively froze trading in the corporate and high-yield junk bond markets and even hindered the trading of older Treasury securities.

In response, the Federal Reserve Board, fearing that the smooth functioning of the world's financial system was threatened, cut its interest-rate target three times.

The Russian debacle also forced many money managers to sell profitable holdings they would normally have kept just because they had to offset huge losses in emerging markets such as Russia, where

selling was difficult. But another factor that may have contained the panic this time is that there were very different players at the center of the action.

In Russia, many of the losing bets had been made by hedge funds that had put far too many of their investment eggs in one basket, forcing them to sell quickly. In Brazil, the big U.S. and foreign banks are the main players in the currency market. They are bigger and more diversified, so there is less pressure to sell, according to one executive at a major bank. Moreover, these institutions, after Russia, trimmed their investments in Brazil and Latin America to cut their risk. The situation is still delicate, however, and the news from Brazil is far from positive for many investors. Uncertainty over what will happen next in Brazil is bound to hang over world financial markets for some time.

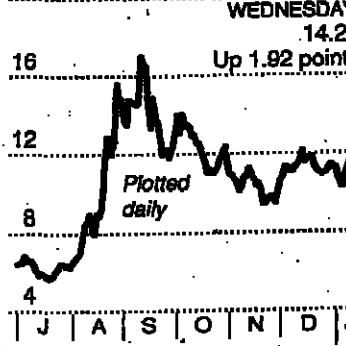
The cost of emerging-market debt rose sharply Wednesday, although it, too, rallied a little by the end of the day. The J.P. Morgan emerging-market bond index, which shows the difference between the yield countries must pay to sell emerging-market bonds and the yield on comparable U.S. Treasury securities, jumped to 14.26 percentage points Wednesday. That was still below its peak of 17.05 percentage points in September but above its recent low of 9.44 points in

## Less Panic

Emerging-market interest rates did not rise as much Wednesday after the Brazilian currency devaluation as they did last August when Russia defaulted on its debt.

Difference between yields on emerging-market bonds and U.S. Treasury securities.

20 percentage points



November. Many of the problems in Brazil and other emerging markets "are still with us," said Desmond Lachman, director of emerging-markets economic research at Salomon Smith Barney, who argued that Brazil still had the potential to roll world markets.

## Very briefly:

• Morgan Stanley Dean Witter & Co. completed its third real-estate private equity fund, Morgan Stanley Real Estate Fund III, after raising \$2.12 billion in capital from more than 125 investors. Morgan said two-thirds of the capital would be invested internationally; financial crises in Asia and other emerging markets have created opportunities to buy undervalued real estate.

• Fidelity Investments introduced eight "Advisor" funds to be sold through intermediaries such as banks and brokers as demand for funds sold through third parties grows. The new Fidelity Advisor funds are Asset Allocation, Dividend Growth, Retirement Growth, Diversified International, Europe Capital Appreciation, Japan, Latin America and Global Equity, the company said. In 1998, 70 percent of mutual funds sold in the United States were bought through advisers, compared with 53 percent in 1995.

• Merrill Lynch & Co. cut about 60 employees, including about 15 managing directors, in its global bond unit this week, a source said. The cuts are part of a plan to slash 3,400 jobs after the New York-based brokerage concern reported a \$164 million third-quarter loss as corporate and emerging-market bonds plunged worldwide.

Bloomberg, Reuters

PROVISIONAL 1998 CONSOLIDATED SALES			
	1998 (in MFR)	1997 (in MFR)	1996 (in MFR)
France	3,070	+ 2.4	468.0
Other European Union countries	3,520	+ 5.1	536.6
The Americas	3,120	+ 5.0	475.6
Other countries	1,870	-26.0	285.1
Total	11,580	- 2.3	1,765.4

Internet: www.groupeseb.com - www.prime.com

# Why Entertainment Firms in Germany Are Stealing the Show

By Nikia Gibson  
Reuters

FRANKFURT — Germany's emerging entertainment companies are putting on quite a show on Frankfurt's Neuer Markt.

Shares of EM.TV & Merchandising AG, a media and marketing company, have soared more than 5,500 percent since they were first listed in 1997, and shares of Kinowelt Medien AG, a cinema and film licensing concern, have risen 160 percent since May. Shares in Edel Music AG, a recording company, have jumped 70 percent since Dec. 1.

These flamboyant performances look set to continue, according to analysts, after Edel raised its 1999 and 2000 sales forecasts this week to reflect deals with Walt Disney Co. and EM.TV, sending its stock to its record high.

"These companies are fresh and smart," said a Neuer Markt trader at a large German bank in Frankfurt. "Their earnings seem to have no ceiling in sight, and people are speculating on their long-term growth." Media companies have become the unexpected darlings of the technology-rich Neuer Markt.

Alan Howard at Europe Co. in London said investors had cheered the arrival of media companies on the stock market, as they had been starved of any real German media-sector investment opportunities. Germany's leading media groups, Bertelsmann AG and Kirch Group, are privately owned.

Mr. Howard said a thread linking the Neuer Markt companies' fortunes was extremely advantageous deals made with Kirch.

"These companies have been able to cherry-pick from the Kirch portfolio, leaving

Kirch with a huge amount of debt and looking for ways to raise capital," Mr. Howard said.

EM.TV has a children's television licensing joint venture with Kirch; Kinowelt bought the video and cinema licensing rights to more than 5,000 Kirch-owned films, and Edel has access to Kirch's licenses through its own joint venture with EM.TV.

Meanwhile, Kirch has restructured and said it might take on an external investor and possibly list one of its three units.

Bernard Tubelleh at Merrill Lynch in Frankfurt said, "Kirch decided it would not waste time and money investing in areas which it could as easily outsource to experts." He added that these companies had benefited from having just the software and not, as in the case of the television channel Pro Sieben, holding the hardware.

EM.TV has the international distribution rights for Mike Tyson's boxing matches, owns the European rights to many popular children's series and has co-produced its own cartoons.

Edel, which has seen its shares rise more than 600 percent since their listing, was helped by its European licensing contract with the Disney subsidiary Buena Vista Music Group, which gives it the rights to Disney film hits and songs by Peter Gabriel and Tina Turner, among others.

Kinowelt holds the film rights of three U.S. producers and has bought one of Germany's biggest film-rental companies as well as the German in-flight entertainment concern Atlas Air since its flotation last May.

Mr. Howard said, "Europe is playing catch-up with the United States, and these companies are driving this process forward."

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For information please contact:  
Katy Hour: Fax (33-1) 41 43 92 12 or e-mail: funde@ht.com

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Questions supplied by fund groups to: STANDARD & POOR'S MICROFILM, 1-800-451-0333 or e-mail: info@microfilm.com

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January 14, 1999  
http://www.ht.com/INT/FUNDS.html

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ASIA/PACIFIC

# India-Bound Pilots See a Little More Clearly

By Miriam Jordan  
Special to the Herald Tribune

NEW DELHI — Travelers in India's dangerous skies long have had reason to applaud a safe landing. Finally, passengers descending toward the country's capital may be able to relax. The government Thursday unveiled an air-traffic control system for New Delhi that it said matched the best in the world. "This represents a quantum leap in technology," said Mohan Pal, president of Raytheon India, which built and installed the system. "What they're buying is safety." Last year, the International Federation of Air Line Pilots' Associations downgraded the Delhi and Bombay airports to high-risk categories because of antiquated equipment and poor safety records. India's accident rate is four times the world average, according to the Federation of Indian Pilots.

New Delhi was the site of the world's worst mid-air disaster in November 1996, when two passenger jets collided, killing 349 people. Poor air traffic control was cited as a major

reason. Airlines reported some 20 near-collisions in the New Delhi skies in the next four months following the incident and blamed them on poor traffic-control training and obsolete equipment, Agence France-Presse reported. "What they had before was something used 30 years ago" in the West, a spokesman for Raytheon Co. said. Raytheon also is putting the finishing touches on new radar and navigation equipment for Bombay.

For Raytheon, a leading supplier of air-safety equipment, installing the \$89 million system in Delhi has been a bumpy ride. It originally planned to install the system in December 1995, but disputes with Indian airport officials, opposition from air-traffic controllers and poor infrastructure created delays. Senior Indian officials asserted that the original instrument landing system installed by Raytheon did not meet its specifications, even after international experts proved this was not the case. To resolve the yearlong deadlock, Raytheon agreed to sell India a more advanced system "at a bargain price," according to a

source familiar with the deal.

Raytheon engineers also faced acute power shortages despite promises from Indian authorities that a backup system would work effectively. Infrastructure required for installation of the new equipment was several months late in being built, prompting Raytheon to provide solutions at its own cost. In addition, personnel changes at the Airports Authority of India led to the postponement of critical decisions, and air-traffic controllers, at odds with the government over pay and working conditions, threatened not to use the new system.

After overcoming all of those obstacles, one problem the new system did not conquer is the infamous winter fog in New Delhi, which has stranded thousands of travelers, delayed hundreds of flights and cost airlines millions of dollars. The ceremony inaugurating the new system, attended by several cabinet members, was shrouded in morning fog. The night before, thick haze paralyzed the airport yet again, and New Delhi-bound flights were either postponed, often by 15 hours, or diverted to another city.

# China Takes Firm Stance On Closings

BEIJING — The government defended its closing of ailing financial institutions Thursday, saying it was necessary to reduce risk, as a third company backed by a provincial government joined the list of the insolvent, further shaking creditors and investors.

A spokesman for the Foreign Ministry said the decision Sunday to declare Guangdong International Trust & Investment Corp. bankrupt had protected the interests of both local and foreign investors. He said the move had demonstrated the "strong determination" of the government to "on its own initiative, settle and ward off financial risks."

CHITC, which is owned by Guangdong Province, had more than \$4 billion in debt. It was the first bankruptcy of a financial institution in Communist China's nearly 50-year history. The bankruptcy was followed Wednesday by the announcement that Guangdong Enterprises (Holdings) Ltd., another Guangdong government investment vehicle, had debts of about \$2.94 billion and was effectively insolvent.

A third Guangdong company, Nam Yue (Group), joined the list of troubled state-backed companies Thursday. Nam Yue, a so-called window company in the Portuguese enclave of Macau, was declared insolvent with unaudited consolidated debts of \$333 million, compared with cash reserves of just \$250,000.

China said foreign bankers had no one to blame but themselves for their lending losses.

"The government's resolute closures of debt-ridden financial institutions is actually a warning to foreign banks — don't indirectly collude with Chinese financial firms borrowing without state approval," the state-run Economic Daily said Thursday. "Foreign financial institutions should not think that the Chinese government will repay debt for closed institutions."

# Investor's Asia

Exchange	Index	Thursday Close	Prev. Close	% Change
Hong Kong Hang Seng	10,183.13	10,273.77	-0.88	
Singapore Straits Times	1,476.39	1,508.06	-1.97	
Sydney All Ordinaries	2,804.80	2,822.00	-0.61	
Tokyo Nikkei 225	13,738.36	13,403.60	+2.50	
Kuala Lumpur Composite	593.34	594.04	-0.12	
Bangkok SET	386.96	385.58	+0.36	
Seoul Composite Index	604.42	633.03	-4.52	
Taipei Stock Market Index	6,241.32	6,318.34	-1.23	
Manila PSE	2,063.28	2,167.40	-4.80	
Jakarta Composite Index	408.55	418.10	-2.52	
Wellington NZSE-40	2,111.76	2,107.37	+0.21	
Bombay Sensitive Index	3,292.28	3,310.46	-0.55	

Source: Reuters. Initial and Final Trades.

# Very briefly:

- PT Astra International, Indonesia's biggest carmaker, proposed a partial interest payment on about \$1.9 billion in foreign debt to try to break an impasse with creditors. The company also will set up a fund for creditors who demand immediate repayment and are willing to write off 30 percent to 40 percent of the money owed them.
- Two Coca-Cola bottlers in Japan will merge to form what would be the country's largest Coke bottler. The new Coca-Cola West Japan Co. is to combine Kita Kyushu Coca-Cola Bottling Co. and Sanyo Coca-Cola Bottling Co. The companies had combined revenue of \$1.6 billion in 1998.
- India ordered 26 telecommunications companies to pay some 6 billion rupees (\$141.3 million) in back license fees by March 31. The companies, who owe around 30 billion rupees, include fixed-line and cellular companies lured by estimates of huge growth in phone usage that has not materialized.
- PT Bank Central Asia, once the largest privately owned bank in Indonesia, has taken in 15 trillion rupiah (\$1.75 billion) in new deposits since the government took control of the bank in May, the Indonesian Bank Restructuring Agency said. The agency's progress report on banking reform, scheduled for Thursday, was postponed to Friday.
- Hong Kong Telecommunications Ltd. will invest 3 billion to 4 billion Hong Kong dollars (\$387 million to \$516 million) between now and 2003 to improve its mobile-phone networks in Hong Kong.

# ARGENTINA: Brazil Crisis Leaves Neighbor Most at Risk Seoulbank Seller Opposes U.S. Buyer

Continued from Page 11

gentine unemployment rose to 18 percent from 12 percent, but it has since fallen to 12 percent, said Luis Secco, an economist at Estudio Broda Consultores in Buenos Aires.

Now as the economy shrinks, unemployment could easily hit 18 percent again, he said. Argentines are to choose President Carlos Saul Menem's successor in October.

International lending to Latin America has all but stopped since Russia defaulted on its debt in autumn, setting off a stampede from emerging markets.

A crucial factor for Argentina will be how long it is until foreign credits begin to flow again, Mr. Secco said.

Argentina has a current-account deficit of 4.5 percent of its gross domestic product, he said, and needs to borrow about \$7.8 billion this year, half of it from abroad.

Peru, which has an annual current-account deficit of about \$4 bil-

lion, will also suffer if international lenders remain nervous about Latin America.

Venezuela's public finances are even more disorderly, with a budget deficit of about 7.5 percent of gross domestic product, and its economy is largely dependent on oil revenues, which have plunged because of depressed world petroleum prices.

But President-elect Hugo Chavez, whose populist speeches last year alarmed foreign investors, has so far surprised analysts by adopting a conciliatory approach to business.

Because Venezuela has little trade with Brazil and its petroleum economy tends to follow its own dynamics, the outlook is unsettled, analysts said, but the country is not likely to suffer greatly from Brazil's devaluation.

In Mexico, President Ernesto Zedillo's economic team has for months been preparing carefully for a potential devaluation in Brazil, and its economy shows few signs of vulnerability.

The Mexican central bank auctioned \$200 million Wednesday to minimize deterioration in the value of the peso, and it tightened the money supply by 30 million pesos (\$3 million).

Interest rates rose in reaction to the Brazilian devaluation, but they remained far below the chaotic 50 percent rates reached during the emerging-markets crisis in September.

"Mexico's economic program is designed to reduce the vulnerability of our economy to these sorts of foreign financial shocks," the central bank said Wednesday.

"In the sea of bad news, Mexico doesn't have much to fear because nobody's tried to protect anything that shouldn't be protected," said Rogelio Ramirez de la O, an economic consultant.

"They cut the budget, let the exchange rate take its knocks and interest rates rise."

"So our picture is better than what the Brazilians or the Argentines are looking at now."

SEOUL — The head of South Korea's chief financial watchdog said Thursday that he wanted to sell Seoulbank to a non-U.S. bank.

"Since Korea First Bank was sold to a U.S. fund," Lee Hun-Jai said, according to his office, "I hope Seoulbank will be sold to a banking group that is not U.S.-based."

Mr. Lee is chairman of the Financial Supervisory Commission and governor of the Financial Supervisory Service. He was speaking to Yonhap Television News.

A unit of London-based HSBC Holdings PLC and three American banks are in the running to buy Seoulbank, a Finance Ministry official said Wednesday.

Seoulbank and Korea First Bank were nationalized last year after both became insolvent under a mountain of bad debt. Newbridge Capital of the United States signed a memorandum of understanding Dec. 31 to buy a 51 percent stake in Korea First.

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January 14, 1999

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112 MERILL LYNCH BOND (US) SA	113 MERILL LYNCH BOND (US) SA	114 MERILL LYNCH BOND (US) SA	115 MERILL LYNCH BOND (US) SA	116 MERILL LYNCH BOND (US) SA	117 MERILL LYNCH BOND (US) SA	118 MERILL LYNCH BOND (US) SA	119 MERILL LYNCH BOND (US) SA	120 MERILL LYNCH BOND (US) SA	121 MERILL LYNCH BOND (US) SA	122 MERILL LYNCH BOND (US) SA	123 MERILL LYNCH BOND (US) SA	124 MERILL LYNCH BOND (US) SA	125 MERILL LYNCH BOND (US) SA	126 MERILL LYNCH BOND (US) SA	127 MERILL LYNCH BOND (US) SA	128 MERILL LYNCH BOND (US) SA	129 MERILL LYNCH BOND (US) SA	130 MERILL LYNCH BOND (US) SA	131 MERILL LYNCH BOND (US) SA	132 MERILL LYNCH BOND (US) SA	133 MERILL LYNCH BOND (US) SA	134 MERILL LYNCH BOND (US) SA	135 MERILL LYNCH BOND (US) SA	136 MERILL LYNCH BOND (US) SA	137 MERILL LYNCH BOND (US) SA	138 MERILL LYNCH BOND (US) SA	139 MERILL LYNCH BOND (US) SA	140 MERILL LYNCH BOND (US) SA	141 MERILL LYNCH BOND (US) SA	142 MERILL LYNCH BOND (US) SA	143 MERILL LYNCH BOND (US) SA	144 MERILL LYNCH BOND (US) SA	145 MERILL 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**WORLD ROUNDUP**

**Highway Robbery  
At the Dakar Rally**

**MOTOR RACING** Thierry Magnaldi of France regained ground on the motorcycle-race leader, Richard Sainet, in the Dakar Rally when he won the 13th stage on Thursday.

The 579-kilometer (360-mile) timed stage between Tichit and Atar, Mauritania, went ahead as planned despite an incident during the night. About 50 competitors were ambushed by highway robbers roughly 50 kilometers from the end of the 12th stage in Tichit. The competitors were held for several hours until midnight, when the robbers made off with four cars, three trucks, a motorcycle, money and identity documents.

Magnaldi, riding a KTM, clocked the fastest time of seven hours, 56 minutes, and 51 seconds, one minute and 49 seconds ahead of his compatriot Sainet on a BMW, whose overall lead slipped to 2:52.

In the cars section, Jean-Louis Schlesser of France, on a buggy he designed himself, extended his lead to six minutes over his main rival, Miguel Prieto of Spain, who drives a Mitsubishi. (Reuters)

**Cosby Buys Stake in Nets**

**BASKETBALL** The actor Bill Cosby has bought part of the NBA's New Jersey Nets, attracted by the team's commitment to a trust that benefits inner-city youths, according to team officials.

Cosby will use his "star quality and enormous energy to attract more people into the goals and mission" of urban youth in inner cities, the Nets' president, Michael Rowe, told The Star-Ledger of Newark.

Lewis Katz, the team's principal owner and a friend of Cosby's from their days at Temple University, would not say how much Cosby paid for his share of the Nets, or how big the stake was.

"He likes our team, knows Jayson Williams well and likes what this represents in terms of setting a good example," said Katz. The Nets and Williams, who is a free agent, were negotiating a new contract and were said to be millions of dollars apart on a proposed seven-year agreement. (AP)

**Graf, Ailing, Prevails  
Over Venus Williams**

*German to Face Davenport in Semifinals*

**THE ASSOCIATED PRESS**

**SYDNEY** — Steffi Graf was losing a power showdown against Venus Williams so she changed it to a battle of wits and won that convincingly, advancing to the semifinals at the Adidas International tournament on Thursday.

Graf gave Williams a lesson reflecting her 21-0 advantage in Grand Slam titles, overcoming a persistent stomach illness to claim the final four games in a thrilling 4-6, 6-2, 6-4 quarterfinal victory.

Graf, who had a record 377 weeks as the world's No. 1 women's player, is to meet the current leader, Lindsay Davenport of the United States, in a semifinal Friday. Davenport beat Patty Schnyder, 6-2, 6-3, on Thursday.

The Graf vs. Williams contest was shaped by Williams's huge first serves and frantic attacking by both players, but it was decided by Graf's mental strength down the stretch. "It was a tight situation and I guess I had a better attitude towards it," said Graf, 29. "I didn't feel nervous at all. I just wanted to keep putting pressure on her. I felt she was getting a little tense."

Williams broke Graf twice to lead, 4-2, in the deciding set, and appeared to have the German on the verge of defeat. But Graf pulled back on her forehand, changing the pace, and began playing the ball as deep as possible.

Graf repeatedly clutched her stomach during the second set. She withdrew from an exhibition final against Williams in Hong Kong last week because of the illness but said she was feeling well enough to play here.

Davenport had no trouble with the No. 8 Schnyder. "I was always going for my shots and it worked today," Davenport said.

The French Open champion, Arantxa Sanchez Vicario, has dismissed her poor buildup to the Australian Open next week, saying she is confident of challenging for the title despite a loss here to Barbara Schett of Austria. In the other semifinal, Schett will play Martina Hingis of Switzerland, who routed Dominique Van Roost of Belgium, 6-2, 6-0.

Schett stunned the No. 4 ranked Vicario, 1-6, 6-1, 6-0, in their rain-delayed quarterfinal. The start was held up by 68 minutes and then play was suspended twice, including a 45-minute pause between the second and third sets.

In a men's quarterfinal, Todd Martin of the United States ended the impressive run of Lleyton Hewitt of Australia, 6-3, 6-7 (4-7), 6-4, seizing the advantage when the 17-year-old was unable to cope with a line call against him in the final set.

Hewitt was serving at 30-15 and 4-4 in the final set when he disputed a call after Martin played a shot deep toward the baseline. Hewitt could not control his anger or concentration, allowing Martin to break and serve out the match. Martin will play Thomas Muster of Austria in the semis after Muster's three-set victory over Jason Stoltenberg of Australia.

World No. 3 Alex Corretja had a walkover against a fellow Spaniard, Albert Costa, who suffered a leg injury and pulled out of their match with Corretja ahead 6-3, 4-6, 2-0. Corretja will play the defending champion, Karol Kucera, in the semis. The Slovakian came back for a 3-6, 6-4, 6-1 victory over Gustavo Kuerten of Brazil.

**ENQUIST SENDS A MESSAGE**

Thomas Enqvist sent out a warning that he will pose a major threat at the Australian Open with a victory Thursday over Andre Agassi at the Colonial Classic. The Associated Press reported from Melbourne.

Enqvist's 6-3, 7-6 (7-1) victory was his seventh straight and put him into the final Saturday, where he will face either Michael Chang or Mark Philippoussis.

Petr Korda rebounded from his Wednesday trouncing by Agassi, sending Goran Ivanisevic of Croatia to his second defeat in two days. The Czech received a warm reception from the crowd as he won the battle of two left-handers, 7-6 (11-9), 6-2.

Also Thursday, Korda said he had lodged a legal challenge to the International Tennis Federation's planned appeal against the leniency of his penalty for testing positive to steroids.

Korda's lawyers have begun proceedings in the High Court in England in a bid to stop the ITF appealing its independent panel's decision not to impose a one-year ban on him in the Court of Arbitration for Sport in Lausanne.



Steffi Graf smashing a forehand to Venus Williams in a quarterfinal match at the Adidas International tournament in Sydney on Thursday.

**Flyers Shut Out Capitals**

*Philadelphia Unbeaten Streak Goes to 15 Games*

**THE ASSOCIATED PRESS**

The Philadelphia Flyers tied a franchise record with their fourth straight shutout and extended their unbeaten streak to 15 games with a 3-0 victory over the Washington Capitals.

John Vanbiesbrouck made 25 saves, making it 249 minutes and 47 seconds since the Flyers have let the puck in the net. The franchise record for longest time without a goal allowed is 265:08, which includes the previous time Philadelphia had four consecutive shutouts, from Dec. 12 to Dec. 22, 1996.

Eric Lindros, Eric Desjardins and John LeClair scored the goals on Wednesday night for visiting Philadelphia, but Vanbiesbrouck and the Flyers' defense dominated the game.

Philadelphia's current streak (10-0-5) matches a 12-0-3 run by Dallas for the longest unbeaten run this season.

**Rangers 4, Islanders 3** Adam Graves scored with 1:52 left in overtime to give the New York Rangers the victory over the struggling New York Islanders at Madison Square Garden.

The Rangers took the lead in the third period, then lost it in regulation before Graves' won it with the help of a great pass by Wayne Gretzky.

Ulf Samuelsson and Petr Nedved also scored for the Rangers. Mark Lawrence, Marianne Czernkowski and Kenny Jonsson scored for the visiting Islanders, whose winless streak hit nine games (0-8-1).

**Blues 4, Sabres 2** In Buffalo, Chris Pronger scored two power-play goals, and Grant Fuhr made 23 saves to lead St. Louis.

Terry Yake and Mike Eastwood also scored for the Blues, who are 2-7-5 in their last 14 road games but just three points behind first-place Detroit in the Central Division.

Michael Peca and Vaclav Varada scored for the Sabres, who are winless in their last four games (0-3-1) and just 1-4 at home since Christmas. Dominik Hasek stopped 26 shots in losing his third straight home decision.

**Maple Leafs 3, Panthers 3** Rob Niedermayer's deflection goal capped off a three-goal comeback for host Florida in the third period.

Ray Whitney added a goal and an assist, and Scott Mellanby had three assists to help the Panthers register their fifth comeback (1-0-4) in its last five games.

Steve Sullivan had an assist and scored a goal at 2:06 into the third period to help stake Toronto to a 3-0 lead.

**Coyotes 5, Penguins 3** In Phoenix, Jeremy Roenick assisted on Rick Tocchet's tying goal and scored another goal six seconds later as the Coyotes came from behind to snap Pittsburgh's six-game winning streak.

Trailing 2-1 in the third period, the Coyotes tied it at 5:10 on the power play when Tocchet deflected Oleg Tverdovsky's slap shot from the blue line.

Six seconds later, Roenick pounced on a loose puck high in the slot and blasted the puck into the net. Mike Stapleton made it 4-2 with a short-handed goal 2:59 later, and Rob Murray added an insurance goal to help goaltender Nikolai Khabibulin improve to 17-7-3.

Alexei Kovalev, Stu Barnes and Jaromir Jagr had the Penguins' goals.

**Stars 2, Sharks 1** Mike Modano scored his 14th goal of the season just 46 seconds into the game as visiting Dallas ended San Jose's four-game unbeaten streak.

**Flames 2, Mighty Ducks 1** In Anaheim, Jarome Iginla scored the go-ahead goal with 11:22 left in the third period, and Theo Fleury had two assists for Calgary.

**IOC Official  
Urges Ban  
On All Gifts**

*Procedure to Select Sites  
May Also Be Changed*

**By Amy Shipley  
Washington Post Service**

**SALT LAKE CITY** — A vice president of the International Olympic Committee, Anita DeFrantz, called for an overhaul of the selection process for Olympic Games sites, saying all-expenses-paid visits and gifts from bidding cities to IOC members should be banned.

"No visits, no gifts, and no more press stories" about improprieties, DeFrantz said.

DeFrantz said the vote for Olympic sites should remain a secret ballot and open to all IOC members, but she said the major work of studying bidding cities should fall to a small committee of professional and technical experts, and representatives from the Olympic community.

That committee would make recommendations to the 11-member IOC executive board, which would then narrow the field to two or three bidding cities. The 114 voting members of the IOC would vote on those cities, according to DeFrantz's plan.

DeFrantz, one of four IOC vice presidents, stressed that her proposal regarding site selection was preliminary and that she planned to be receptive to the ideas of the rest of the executive board during its Jan. 23-24 meetings. High-ranking IOC executive board members have promised to expel IOC members found guilty of wrongdoing and to revamp the site selection system during those meetings.

DeFrantz's comments came after the former U.S. Olympic Committee president Robert Helmick called for her resignation from the IOC, saying she should take responsibility for misdeeds — whether she had knowledge of them or not — within the IOC and the Salt Lake City bid committee as it vied for the 2002 Olympic Games. Four separate investigations are examining allegations that Salt Lake City officials offered bribes, favors and excessive gifts in exchange for IOC members' votes.

Helmick also called for the resignations of the other IOC vice presidents (from Canada, Hungary and Senegal), and the IOC's president, Juan Antonio Samaranch. Helmick resigned from his IOC and U.S. Olympic Committee posts in 1991 amid conflict-of-interest allegations.


**In other developments, reported by The Associated Press:**

• The Austrian city of Innsbruck offered Thursday to host the 2002 Winter Olympics if Salt Lake City is stripped of the games because of the bribery scandal.

The sports minister for Tyrol province, Fritz Arzl, told the Austria Press Agency that Innsbruck's facilities were first-rate and were in excellent shape to host the games.

• Samaranch said Thursday that 13 members of the organization had been implicated in the scandal, including nine accused of serious misconduct.

Samaranch also said he would remain in office as long as he had the support of IOC members and that the IOC may introduce an ethics code to root out corruption.



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**Worldwide, Praise Goes Out to Jordan**

**By Peter Finn  
Washington Post Service**

**WARSAW** — Like Muhammad Ali before him, Michael Jordan's greatness made the world that much smaller.

From Warsaw to Mexico City, "Michael" — pronounced with a hundred different inflections — was icon and inspiration, athleticism and Americana. His face, whether fierce or smiling, was as familiar as any local hero. The 23 on his jersey was as universal as 007. And comical imitations of his moves — scissor-kicking, tongue-out, hyper-ventilating drives to the net — can be seen any weekend afternoon almost anywhere on the planet where basketball is played.

"Young people from all over the world wanted to be like Michael," wrote Gazeta Wyborcza, Poland's leading daily newspaper, which featured Jordan on its front page and devoted its entire back page to news of his retirement. Basketball, riding Jordan's global tele-genic appeal, threatened "even the position of soccer" as the world's pre-eminent sport, the newspaper said.

There was no doubting that the world felt an era of unmatched greatness was passing. "Jordan Retires! Shock Felt Around the World," read the headline in Japan's Nikkan Sports newspaper. Jordan's announcement made news in the Middle East, where basketball's following is small, and in China, where Jordan is a popular icon known as "Qiaodan."

"Flying Man Jordan Is Coming Back to Earth," the Beijing Morning Post said in a front-page story.

"The question must be asked, Will we ever see his like again?" columnist Simon Barnes wrote in The Times of London. "The chances are pretty remote."

Basketball is a minor sport in Japan, but Jordan had an enormous impact in fashion boutiques and places where

youth trends are born. His number 23 jersey, and even a few of his short-lived number 45, are standard wear among Japanese youths. Chicago Bulls caps and sweatshirts are common among the young adults.

The Japanese are also willing to pay extraordinary amounts of money to be like Mike. Sneakers promoted by Jordan are collected and traded like baseball cards, with older models — even beaten-up used ones — selling for several times their regular retail value.

A couple of years ago, before Japan's recession brought prices down, it was common to see Air Jordan sneakers selling for \$1,000 or more in the stalls lining famous Takeshita Dori in Tokyo's Harajuku neighborhood, the epicenter of all youth trends in Japan. Many still sell for \$500 or more, and prices are expected to rise again on news of Jordan's retirement.

Most of the shoes on sale are size 12 or bigger, making them far too big for almost any Japanese to wear. But shopkeepers said people bought them for their investment value, and some people actually displayed them in their living rooms like valuable antiques.

In Mexico, Jordan's retirement received funeral coverage in the sports pages of the capital's dailies. His charisma and marketing skills have helped make basketball the second-most popular sport there after soccer, and Mexico City often is mentioned as a possible candidate for an NBA expansion team.

In the last six years, the country has built about 20,000 basketball courts, and NBA teams have played preseason games to near sellout crowds in Mexico City since 1992 — except for last fall, when the scheduled game was canceled because of the strike.

A recurring theme in the mournful profiles Wednesday was how Jordan's personal qualities matched his physical gifts.

"It sounds strange, but the world's wealthiest athlete, with an estimated fortune of \$300 million, is a most loyal character," wrote the German newspaper, Sueddeutsche Zeitung. "He stands by" former Bulls head coach Phil Jackson, "because he is the one who made him a superstar."

"He still does commercials for the Chevrolet salesmen of Chicago," the paper continued, "because they were the first to offer him an advertisement contract. Jordan, who had to reach the age of 16 to save enough money for his first bicycle, has not forgotten these things."

One journalist, Marcin Gadzinski of the Polish daily Zycie recalled asking Jordan for an autograph at the United Center in Chicago. "No way," said Jordan, according to Gadzinski.

But then Jordan stopped and gave an autograph to a child in a wheelchair, hugging the child, and later sending an aide back with an autographed ball.

The spurred Gadzinski was suddenly charmed. "I never admired him more than at that moment," he wrote Wednesday.

As the Spanish newspaper, La Razon, put it, "For many, he is the greatest. His mere presence guaranteed entertainment just as great actors take over the screen with a gesture or a look."

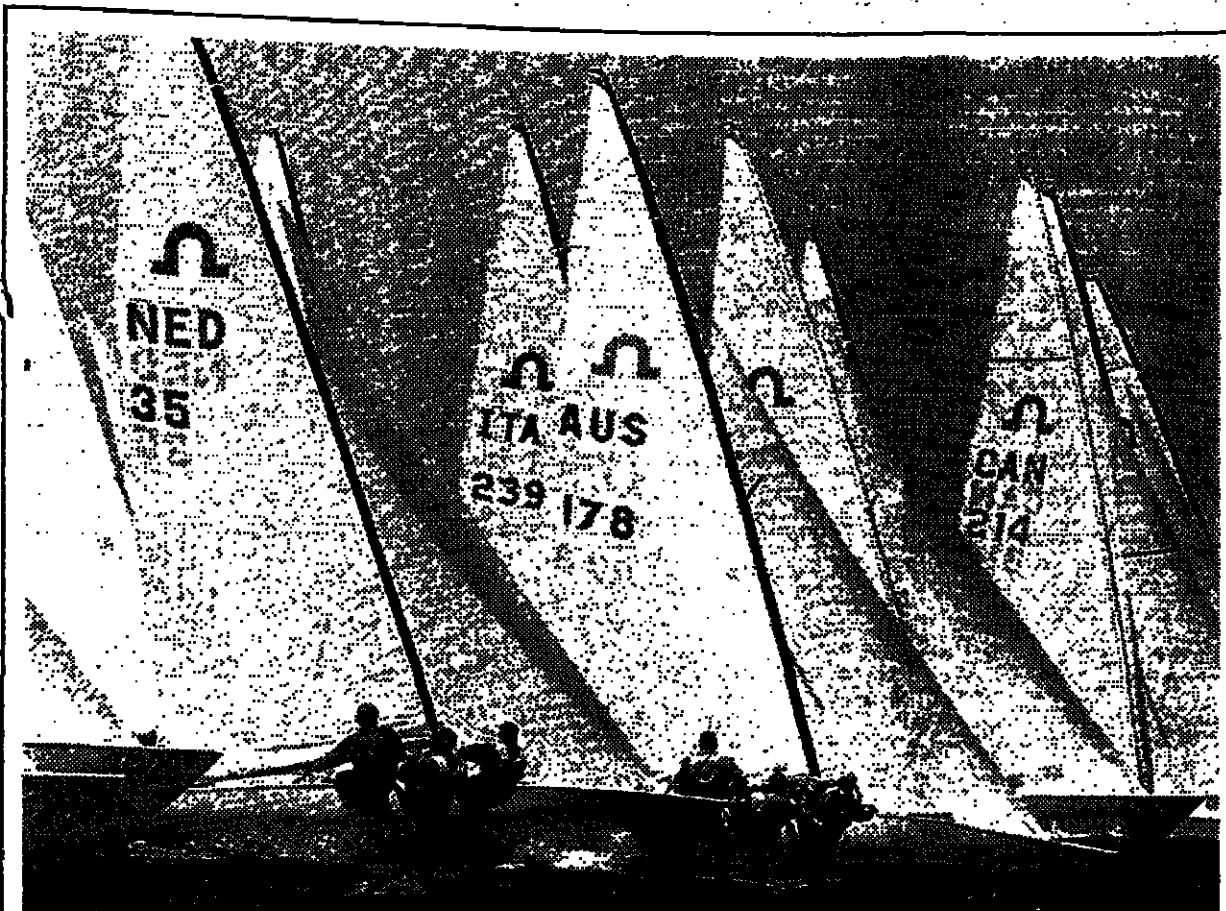
But no American moment can pass unmolested by French cattiness. "The status of American blacks doesn't bother him," opined the daily Le Monde. "Simply, M.J. is a professional basketball player with an acute sense of business and an oversized ego."

Correspondents T. R. Reid in London, Anne Swanson in Paris, John Ward Anderson in Mexico City, Kevin Sullivan in Tokyo, and special correspondents Sarah Delaney in Rome and Peter B. Krutchoh in Berlin contributed to this report.

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SPORTS



AND THEY'RE OFF — Participants in the Soling class starting their seventh race Thursday at the World Yachting Championships in Melbourne. Ben Ainslie of Britain won gold in the Laser division.

# Testaverde Faces 'His Toughest Game'

By Leonard Shapiro  
Washington Post Service

**HEMPSTEAD, New York** — Bill Parcells has taken four starting quarterback jobs during his distinguished coaching career, and each time it was the biggest game of that particular player's career. Phil Simms, Jeff Hostetler and Drew Bledsoe all pushed their respective teams into a Super Bowl, and now it is Vinny Testaverde's turn to try to do the same.

Testaverde's task is clearly the most daunting, even if he insists that he does not feel the pressure of what he also admits is the most important game of his life. He must somehow find a way to produce enough points for the underdog New York Jets to upset the defending Super Bowl champion Denver Broncos on Sunday at Mile High Stadium, an accomplishment that would elevate greatly his status on a team he initially joined as a reserve last summer. The only other quarterback to lead the Jets to a Super Bowl (and a victory) is Joe Namath.

"It's his biggest game; it was all of the others' biggest game, too," Parcells, the Jets' coach, said Wednesday. The magnitude of how big was evident in a crowded Jets media room crammed with 15 camera crews and more than 75 reporters and photographers, twice as many as the place could comfortably hold. And Parcells made it perfectly clear what his quarterback must do for the Jets

(13-4) to win Sunday. "The same things will decide the outcome as far as the quarterback is concerned," Parcells said. "Do you make the right decisions? Are you not doing the wrong thing at the wrong time? Are you reading the coverage? Are you not throwing interceptions? Are you not making panic decisions? And what do you do when you pull the ball down? That's what John Elway does so well. He makes something happen when he pulls it down, taking off downfield, making a play."

For the most part, Testaverde has done that all season. Since he replaced the injured Glenn Foley early in the season, he won 13 of 14 games he started, including last week's victory over the Jacksonville Jaguars in the American Football Conference semifinals.

Testaverde's 29 touchdown passes broke a single-season team record held by Namath and Al Dorow. He had the AFC's best quarterback rating, second in the league to Minnesota's Randall Cunningham, directed the second-highest scoring offense in team history and had seven interceptions in 421 attempts as the Jets won the AFC East. He also was named to the second Pro Bowl of his checked 12-year career.

"He's been our savior," said Richie Anderson, a reserve running back. "He's got 100 percent backing from every guy on this team. We believe in him. To me, he's always been a quality quarterback. He's been really special this year and I don't think that's going to change now."

Yet, despite all his gaudy accomplishments, memories of Testaverde's transgressions in years past in Tampa Bay, Cleveland and Baltimore still bubble to the surface in any discussion of a star-crossed quarterback whose trademark always has been the killer interception at just the wrong time.

There was even one last week late against the Jaguars. Testaverde was picked off in the Jacksonville end zone with two and a half minutes to play, giving the Jaguars one last shot at tying the game.

That wobbly throw, aimed at running back Keith Byars, brought back all the old memories, although Parcells said again that he would take "full responsibility" for calling the pass play instead of playing it safe and going for a field goal and a 10-point lead. Parcells also said that Testaverde was hit on the play just as he threw, blaming the breakdown on protection more than the quarterback.

The Broncos say they're impressed watching Testaverde on tape, but a Denver safety, Tyrone Braxton, said out loud the other day what most people only whisper during a big-game week. "He's had a great year, and he's a leader," he said. "But the key is to get him rattled. We have to do it early. And we can't give up any big plays. They've been living on that all year."

Said Testaverde: "If any quarterback gets rattled, they'll have a hard time being successful. If the Broncos feel they have to do that, that's O.K."

## Surgery to Keep Nicklaus From Masters

**The Associated Press**

Jack Nicklaus will have hip-replacement surgery this month, forcing him to miss the Masters for the first time in 40 years.

Nicklaus, who turns 59 next week, had put off surgery on his arthritic left hip with hopes that a strenuous exercise routine would allow him to play without pain. Instead, the winner of 18 major championships will have an operation Jan. 27.

"When I feel strong enough and able to play golf at a competitive level, I will continue to play tournament golf," Nicklaus said in a statement. "If I want

to play later this year and in the future, now is the time for surgery."

Nicklaus, a six-time Masters champion, did not say when he might return, although later this year is not out of the question. His spokesman, Scott Tolley, said recovery from hip surgery will take at least four months.

Nicklaus was hobbling so badly at times last year that he stopped his streak of 146 consecutive majors when he pulled out of the British Open. This will be the third straight major he has failed to play.

"I can hit golf balls all I want, and I can walk," he said in October. "But the two

of them — they don't like each other."

Nicklaus first played Augusta National as an amateur in 1959 and missed the cut. He had played in every one since, winning his first one in 1963 and his sixth in 1986 by shooting a 30 on the back nine in the final round.

Last year, Nicklaus became the oldest player to finish in the top 10 in the Masters when he closed with a 68 and tied for sixth, three strokes behind Mark O'Meara.

Nicklaus, captain of the U.S. team that was crushed in the Presidents Cup, said he wants to be able to play all four majors in 2000.

## Johnson Plans to Stay On as Dolphins' Coach

The Associated Press

**DAVIE, Florida** — Jimmy Johnson, on the verge of quitting, changed his mind Thursday and said he would remain as coach of the Miami Dolphins.

Instead of announcing his resignation, as he was expected to, Johnson said the former Chicago Bears coach Dave Wannstedt, a former assistant of Johnson's with the Dallas Cowboys, would join the Dolphins as assistant head coach to give him more free time.

"My determination and my commitment is not one bit less than it was

before," Johnson said. "But I will spend a few more hours with my family."

Word surfaced Wednesday night that Johnson was prepared to leave after three seasons, prompting the Dolphins' owner, Wayne Huizenga, to rush back from a baseball meeting in California. At a meeting Thursday, he convinced Johnson that hiring Wannstedt would mean more time away from the 15-hour workdays as head coach.

Johnson told a news conference he would "coach like the dickens" to bring Miami a championship.

He said the death of his mother, Alene, on Dec. 20, and his father's battle with cancer had made him realize that he needed to spend more time with his family, especially since he was marrying his longtime girlfriend, Rhonda Rookmanker.

Johnson's voice broke and he turned emotional when he spoke of arriving late at his mother's funeral.

"There's a time when you pull back and you say, 'Be with people you care about. Don't shortchange them.' That's what I plan on doing."

## SCOREBOARD

### ICE HOCKEY

#### NHL STANDINGS

EASTERN CONFERENCE			
ATLANTIC DIVISION			
Philadelphia	11	1	1
New Jersey	22	9	10
Pittsburgh	19	11	7
N.Y. Rangers	12	17	4
N.Y. Islanders	13	27	3
NORTHEAST DIVISION			
Toronto	24	15	3
Ottawa	22	13	5
Boston	21	12	6
Buffalo	19	14	4
Montreal	15	20	7
SOUTHEAST DIVISION			
Carolina	18	16	7
Florida	14	11	3
Washington	15	21	3
Tampa Bay	9	29	3
WESTERN CONFERENCE			
CENTRAL DIVISION			
Detroit	21	10	2
St. Louis	16	14	9
Nashville	14	22	4
Chicago	11	25	6
NORTHWEST DIVISION			
Colorado	19	14	4
Edmonton	16	19	6
Vancouver	14	22	5
Calgary	14	25	3
PACIFIC DIVISION			
San Jose	26	17	7
Phoenix	22	10	5
Anaheim	16	17	8
San Jose	13	18	3
Los Angeles	15	22	4
WEDNESDAY RESULTS			
St. Louis	2	0	3-4
Buffalo	1	0	1-2

### BASEBALL

#### U.S. COLLEGE SCORES

WEDNESDAY RESULTS	
MEN	
No. 2 Duke (14-1) def. Wake Forest 62-7.	No. 10 Maryland (14-1) def. North Carolina 64-4.
No. 8 Auburn (14-0) def. Mississippi 74-59.	No. 13 Purdue (14-0) def. Illinois 63-54.
No. 24 Iowa (13-0) def. Nebraska 70-55.	No. 14 N.C. State (13-0) def. Wake Forest 62-41.
No. 17 Wisconsin (13-0) def. Penn St. 61-48.	No. 22 Indiana (13-0) def. Ohio St. 61-57.
No. 24 Arkansas (13-0) def. Texas 61-57.	No. 24 Arkansas (13-0) def. Texas 61-57.
WOMEN	
No. 2 Duke (14-1) def. Seton Hall 101-41.	No. 6 Yale (13-1) def. Texas A&M 68-45.
No. 14 Iowa (13-1) def. Colorado 80-44.	No. 24 Kansas (13-0) def. Missouri 54-52.
No. 24 Nebraska (13-0) def. Kansas 57-47.	No. 24 Nebraska (13-0) def. Kansas 57-47.

### WORLD ALL-STARS

GOALIES	
1. Petr Nedek, Czech Rep.	2. Henrik Lundqvist, Sweden
3. Niklas Lidstrom, Sweden	4. Uwe Krupp, Detroit
5. Roman Hamrl, Czech Rep.	6. Petr Nedek, Czech Rep.
7. Petr Nedek, Czech Rep.	8. Petr Nedek, Czech Rep.
9. Petr Nedek, Czech Rep.	10. Petr Nedek, Czech Rep.
DEFENSEMEN	
1. Niklas Lidstrom, Sweden	2. Niklas Lidstrom, Sweden
3. Niklas Lidstrom, Sweden	4. Niklas Lidstrom, Sweden
5. Niklas Lidstrom, Sweden	6. Niklas Lidstrom, Sweden
7. Niklas Lidstrom, Sweden	8. Niklas Lidstrom, Sweden
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FORWARDS	
1. Petr Nedek, Czech Rep.	2. Petr Nedek, Czech Rep.
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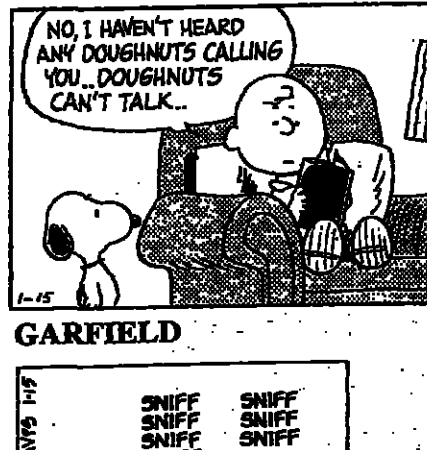
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9. Petr Nedek, Czech Rep.	10. Petr Nedek, Czech Rep.

### DENNIS THE MENACE



### PEANUTS



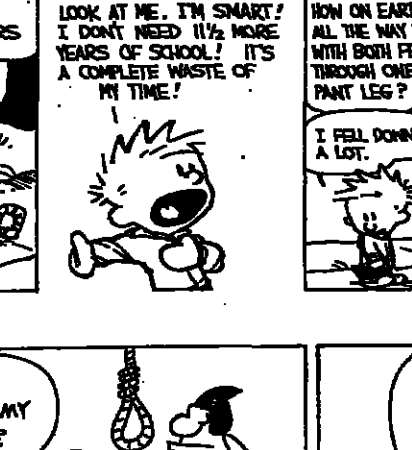
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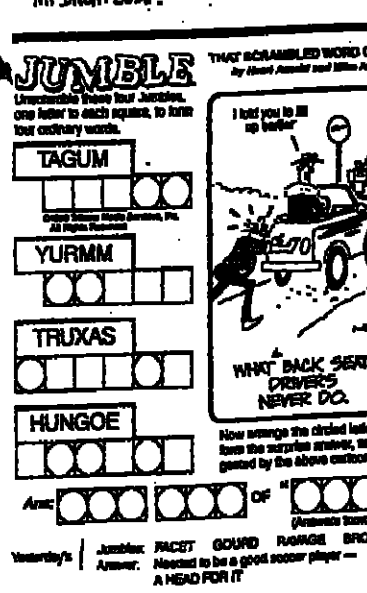
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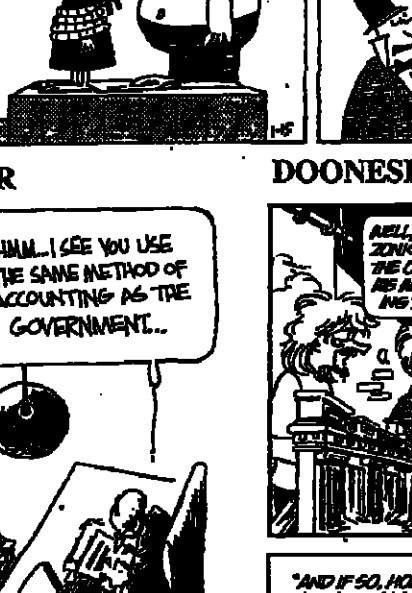
### BLONDIE



### ARTS & ANTIQUES



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### DOONESBURY





## POSTCARD

## 'Cute' Books and Cokes

By Karrie Jacobs  
New York Times Service

NEW YORK — "Have you seen them?" asked Carole Baron, the president and publisher of Dell Publishing and Delacorte Press. "They're cute."

Indeed they are. Cute was exactly the word that came to mind when I first set eyes on the six little books that, beginning in February, will be distributed on U.S. supermarket shelves, tucked inside some 40 million 12- and 24-packs of Diet Coke.

Four inches by six inches (10 centimeters by 16 centimeters), roughly 30 pages thick, these excerpts of forthcoming works by best-selling authors are adorable. They boast the cover designs of full-size hardbacks scaled down to resemble the Joe Bonomo booklets that used to be sold at the checkout counter, the ones with titles like "How to Develop a New Personality for a More Vibrant and Magnetic You."

Except these are the products of major publishing houses: HarperCollins, Penguin Putnam, Doubleday.

The rationale behind this unorthodox promotion is abstract. As Diana Garza, a Coca-Cola spokeswoman, put it, the company made a "concerted effort to get to know the consumer on a deeper level." Researchers discovered that typical Diet Coke drinkers have inner lives and that they especially like to read. So, in the words of a news release, the company decided to "provide Diet Coke consumers with a medium for enjoying the simple pleasure of drinking a Diet Coke and curling up with a good book."

Coca-Cola approached a number of publishers, who drew up lists of popular titles

that would be released in the first months of this year. No money traded hands. The publishers embraced the joint venture because it represented vast quantities of free advertising. What Coke gets out of it is, perhaps, a momentary advantage over Pepsi. The deal, as they say, is win-win.

But it can't be good for the increasingly shaky status of the book as a bedrock cultural artifact. While predictions of extinction may be far-fetched, the book is a less definite object than it once was.

Take the Rocket eBook, for example, the paperback-size electronic device that can hold 4,000 pages of text and that recently had its debut in, of all places, the Levenson catalog ("Tools for Serious Readers"). Offered for sale amid the halogen lamps and the fancy paper clips, the \$500 gadget allows one to download books—or, rather, the contents of books—from the Barnes & Noble Web site. If Coca-Cola made the book cute, the Rocket eBook has made it downright insubstantial.

Actually, what's disturbing about the Diet Coke promotion is not that it seems wrong. It's that it seems exactly right. The wall of new releases in a book superstore could just as easily be the cereal aisle of a supermarket.

And the books Coca-Cola selected are not great works of literature but rather the written equivalent of soda pop.

"Chicken Soup for the Couple's Soul," complete with blurbs from Marie Osmond and Deepak Chopra, is, of course, another in the best-selling series of saccharine (or Aspartame-sweetened) inspirational tales. They will be right at home in the soft-drink section.

## An Opera Exalting Revolt Stirs Up Neapolitans

By Alessandra Stanley  
New York Times Service

NAPLES, Italy — Politics, at least the garden variety sort, are not taken too seriously in Naples. Music, however, is never taken lightly in this city, the birthplace of bel canto.

When the San Carlo opera house opened its season with a new opera, "Eleonora," starring Vanessa Redgrave as a heroine and martyr of the 1799 Neapolitan uprising, it unleashed angry demonstrations and debate rivaling the intensity of President Bill Clinton's impeachment trial.

At the premiere Friday — which was attended by Prime Minister Massimo D'Alema, many government ministers, lawmakers and celebrities — local royalists flooded the theater with leaflets that read "Jacobin Assassins!"

Yet the opera is not simply a paean to the revolutionaries who briefly overthrew the monarchy and were later hanged.

"Eleonora," created to commemorate the 200th anniversary of the uprising, provided the respected Italian director and composer Roberto De Simone with a creative opportunity to weave long-forgotten 18th-century religious music around texts by Leo Tolstoy, Thomas Mann and Bertolt Brecht, whose words are recited in Italian by Redgrave.

Staged in Italy's oldest opera house, built by the Bourbons, the work is an attempt to put a tragic if little-known moment in Neapolitan history into a broader historical context. Local citizens may still furiously debate the merits of their aborted revolution, but the message of "Eleonora" is fairly universal: a protest against the death penalty.

And that helped draw Redgrave to Naples. "I find the piece tremendously inspiring," the actress said in her dressing room after the performance Saturday. "It is against the death penalty by any government for any reason."

Warming to her theme, she added, "The death penalty is a barbaric act, and so is the fact that it still exists in America, the first country to proclaim the rights of man."

But Redgrave said she was attracted by the work's "cultural level" as well. The actress, now 61, who studied Italian in school and has a son by the Italian actor Franco Nero, said she had little difficulty mastering the long texts in Italian.

"To a certain extent," she said, "reciting lines is like learning a song in another language." She added, "Mind you, most songs are not 10 to 14 minutes long."

The piece opens with her walking to the edge of the stage and reciting a 1944 farewell letter by an Italian resistance fighter condemned to death by the Nazis. Two choirs and opera soloists perform most of the music, but Redgrave also sings once, a hymn to the revolution by the 18th-century Neapolitan composer Domenico Cimarosa. The song was adapted by De Simone, who is also the director of the Naples Music Conservatory. Audiences rewarded the British actress with standing ovations and cries of "Brava!"

Like many non-Italians, Redgrave said she was unfamiliar with the facts of the uprising until she was offered the part. She blamed the British educational system, which she said, "still passes over the extremely reactionary role of Nelson in the whole business of the Bourbons." English forces led by Admiral Nelson helped put down the 1799 uprising and restore the Bourbon royalty to power.

Eleonora Fonseca Pimentel, the opera's central figure, belonged to the Portuguese aristocracy, was born in Rome and was raised in Naples, where she became a poet and frequented literary salons. She became enamored of the revolutionary ideas of her time and was imprisoned for Jacobinism in 1798. (The Jacobins, a society of radical democrats in France during the Revolution of 1789, inspired similar revolts elsewhere.)



Vanessa Redgrave and Mario Brancaccio as Pulcinella at a rehearsal of "Eleonora" at the San Carlo opera house in Naples.

When the Bourbon court fled before the advance of Napoleon's troops, Pimentel was set free and edited an anti-monarchist newspaper. The Neapolitan peasantry sided against the Jacobins.

When the counter-revolutionary forces of Fabrizio Cardinal Ruffo, aided by Lord Nelson, put down the uprising, Pimentel was among the revolutionaries hanged. Many historians view that episode as the

death blow to liberalism in Southern Italy.

"The liberal elites came out of the woodwork and were cut down and decimated," said Patrice Higonnet, a professor of French and European history at Harvard University.

Long a heroine of Italian leftists and feminists, Pimentel is attracting renewed interest. An Italian-language biography by Maria Antonietta Macciocchi, "Cara Ele-

onora," came out in 1993. Susan Sontag quoted Pimentel's final testament in "The Volcano Lover: A Romance," a novel about Lord Nelson and Lady Emma Hamilton, set in 18th-century Naples.

But Pimentel remains largely unknown outside Italy.

De Simone, 66, said it had never been his intention to create an opera about her life. Rather, the character of Eleonora, acts as a guide to an eclectic series of readings, historical tableaux and ballets.

"For me, she is a great metaphor for all the revolutionaries who ended up being executed," De Simone said.

Much of the choral singing is church music by the 18th-century Neapolitan composers Cimarosa, Giovanni Paisiello, Leonardo Leo and Francesco Durante. De Simone recruited young music scholars at the Naples Conservatory to study and adapt the works for modern orchestras. De Simone said he had no difficulty blending parts of a Requiem Mass with Jacobin revolutionary themes and excerpts from the writings of figures like the Russian poet Vladimir Mayakovsky or Ruben Dario, the Nicaraguan poet.

But the director said he was distressed by the political turmoil surrounding his piece, much of it criticism from conservative politicians angry that public money was spent to commemorate an uprising they still view as treason.

"There is disinformation," De Simone said. "My vision is one of disenchantment with violence, be it revolutionary or by the powers that be." He added: "I can't win."

Twenty-five years ago, I revived popular 18th-century music that was pro-Bourbon and I was attacked by the pro-Jacobins."

Critics responded skeptically to his effort to be evenhanded. Under the headline, "Lots of Rhetoric, Little Depth," Paolo Isotta, the opera critic of the Corriere della Sera newspaper, wrote, "It reminds one of the usual Brechtian didactic theater of the 1950s, with a little bit of plastic surgery and little else."



FAN-PLEASER — Leonardo DiCaprio signing autographs at a school in Phuket, Thailand. He soon begins filming "The Beach" on Phi Phi Island.

The film stars Nicole Kidman and Kevin Spacey joined the London revival of the Rodgers and Hammerstein musical "Oklahoma!" on Thursday to lead the 1999 nominees for the Laurence Olivier Awards. In her London stage debut, Kidman received one of six nominations won by "The Blue Room," the David Hare adaptation of Arthur Schnitzler's "Reigen," which has gone on to be a Broadway sellout. Also competing for best actress are Judi Dench ("Filumena") and Diana Rigg ("Britannicus") and "Phedre," Sinead Cusack ("Our Lady of Sligo") and Eileen Atkins ("The Unexpected Man"). Kidman's "Blue Room" co-star, Scottish actor Iain Glen, is a nominee for best actor along with Michael Gambon ("The Unexpected Man"), David Suchet ("Amadeus"), Jim Norton ("The Weir") and Spacey in the revival of Eugene O'Neill's "The Iceman Cometh." "The Blue Room" will compete for best play against "Copenhagen," "The Weir" and "The Unexpected Man."

Melissa Gilbert's four-year battle against the National Enquirer is over. The former actress in the TV show "Little House on the Prairie" and the tabloid have reached an agreement that means she will drop the libel suit she filed in 1995, over a story in which her former husband, Bo Brinkman, called her a "deadbeat mother."

Prime Minister Wim Kok on Wednesday awarded Germany's former chancellor, Helmut Kohl, the Grand Cross of the Dutch Lion, the Netherlands' highest honor, for his work unifying Germany and integrating it into the European Union.

Boz Scaggs, whose son died recently of a heroin overdose, says he will join the campaign to warn of the drug's dangers. "These dealers are selling death," the musician said. "Kids need to be given the means to defend themselves." Oscar Scaggs, 21, died in a rundown San Francisco hotel on New Year's Eve.

A church bell recovered by an American soldier in 1944 in the rubble of Anzio, Italy, is being sent home to mark the 55th anniversary of the town's liberation in World War II. "It meant so much to me to have it in my possession," said Herbert Roth, 84, who took the bell as a memento during the protracted Allied offensive in and near the

town. Roth kept the small bronze bell, which measures 9 inches by 5 inches (23 centimeters by 13 centimeters), for 50 years. He donated it in 1997 to the Italian American Community Center in a suburb of Rochester, New York. Learning last summer that the bell had survived, a museum in Anzio politely asked for its return.

## PEOPLE

## Another List? 'Greatest Film Legends' Is Next

The Associated Press

LOS ANGELES — Undaunted by the criticism it endured last year when it unveiled its list of the "top 100 motion pictures," the American Film Institute will pick the 50 greatest "American screen legends of the 20th Century." Humphrey Bogart, Jean Harlow, Clark Gable, Rita Hayworth and Spencer Tracy were obvious candidates on the list of 500 nominees, which seemed to include everyone who ever starred in a movie. Ronald Reagan is there, too, along with Will Rogers, George Raft and The Three Stooges.

The institute defined "American screen legend" as an actor with a significant screen presence in American movies whose screen debut occurred before 1951, or whose debut occurred after 1950 but whose death marked a "completed body of work." That allowed the inclusion of James Dean, Grace Kelly, John Belushi, Elvis Presley, Steve McQueen, Sal Mineo, Anthony Perkins, John Houseman and Divine.



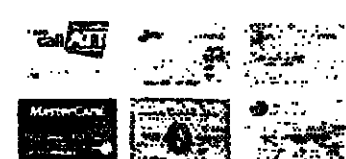
(go down in history)

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